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No. _____

In The

Supreme Court of the United States

EXXON MOBIL CORPORATION,

Petitioner,

v.

KELLOGG COMPANY,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Sixth Circuit

PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED

Petitioner Exxon Mobil Corporation used its Cartoon Tiger trademark for over thirty years before Respondent Kellogg Company filed suit for trademark infringement and related counts. Is the equitable defense of laches available to bar injunctive relief in a trademark case?

THE PARTIES

The Petitioner in this action is Exxon Mobil Corporation. Exxon Mobil Corporation has no corporate parent, and no publicly held company owns 10% or more of Exxon Mobil Corporation's stock. This case proceeded in the lower courts before Exxon Corporation completed its acquisition of Mobil Corporation (and its affiliates). On November 30, 1999, Petitioner changed its name to Exxon Mobil Corporation. For clarity and this Court's convenience, Petitioner will be referred to herein as "Exxon," as it was in the proceedings below.

The Respondent in this action is Kellogg Company ("Kellogg").

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OPINIONS BELOW

The court of appeals' opinion, which is reproduced in Appendix A, is officially reported as *Kellogg Co. v. Exxon Corp.*, 209 F.3d 562 (6th Cir. 2000). It is also reported at 54 U.S.P.Q.2d 1413.

The district court's order granting summary judgment, which is reproduced in Appendix B, is reported as *Kellogg Co. v. Exxon Corp.*, 50 U.S.P.Q.2d 1499 (W.D. Tenn. 1998). It has not been officially reported.

JURISDICTION

Petitioner seeks review of the judgment of the Court of Appeals for the Sixth Circuit, which was dated and entered on April 6, 2000. A timely petition for rehearing was filed on April 20, 2000, and denied on May 16, 2000. *See* App. C at 57-58. This petition was filed ninety days after that date. This Court's jurisdiction is invoked under 28 U.S.C. § 1254(1). The district court had jurisdiction under 15 U.S.C. § 1121 and 28 U.S.C. § 1338.

STATUTORY PROVISIONS

Sections 33, 34(a), and 43(c)(1) of the Trademark Act of 1946, as amended (the "Lanham Act"), 15 U.S.C. §§ 1115, 1116(a), and 1125(c)(1), are reproduced in Appendix D.

STATEMENT OF THE CASE

This trademark infringement case involves two well-known trademarks: Kellogg's Tony the Tiger, introduced in 1952, and the Exxon Cartoon Tiger, introduced in 1964. After more than thirty years of peaceful coexistence, Kellogg filed suit in 1996 seeking to enjoin Exxon's use of its Cartoon Tiger. The question before this Court is whether the equitable doctrine of laches is available to preclude injunctive relief in such a case.

I. The Facts.

Exxon introduced its Cartoon Tiger in 1964[1] as the star of its famous "Put a Tiger in Your Tank" advertising campaign. Throughout the years, Exxon has used its Cartoon Tiger in various advertisements and point-of-sale materials promoting Exxon, its stations, and its products and services. In the Cartoon Tiger's early years, a typical Exxon station primarily sold gasoline and motor oil and provided automotive services, although many sold food and other convenience products as well. In 1984, following an industry trend, Exxon began to introduce convenience stores at many of its stations. Today, most Exxon stations include convenience stores, although gasoline remains Exxon's flagship product. Throughout the 1990s, Exxon used its Cartoon Tiger extensively in numerous high profile advertising campaigns and promotions

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[1] Several Exxon affiliates had used earlier versions of a cartoon tiger beginning in 1959. *Cf.* 209 F.3d at 564, App. A at 3.

around the country, and in point-of-sale materials prominently displayed at Exxon stations, including those stations containing convenience stores. This use continues today.

II. The Proceedings Below.

In October 1996, Kellogg filed suit for trademark infringement, trademark dilution, and related counts. Kellogg contended that Exxon's use of the Cartoon Tiger is likely to cause confusion with and dilution of its Tony the Tiger trademark.

Based on Kellogg's long delay in bringing suit and the more than thirty years of peaceful coexistence of the two tigers, Exxon moved for summary judgment dismissing Kellogg's claims on the grounds of laches and acquiescence. The district court denied Exxon's motion as to the laches defense. The court noted that Kellogg sought only injunctive relief,[2] and stated that "laches, as utilized in this circuit, . . . does not bar injunctive relief." App. B at 46. However, the district court granted Exxon's motion based on acquiescence. The court found that Kellogg had been " 'grossly remiss' in failing to assert its rights" for more than thirty years, App. B at 48, and that "Exxon's reliance on Kellogg's long periods of silence clearly has resulted in prejudice to Exxon in both its investments in the cartoon tiger and in Exxon's inability to defend itself

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[2] Kellogg originally sought actual and punitive damages (in addition to injunctive relief), but withdrew the damages claims in response to Exxon's motion for summary judgment. *See* App. B at 42 n.9.

in this lawsuit," App. B at 50. On that basis, the district court dismissed Kellogg's claims in their entirety.

On appeal, the Sixth Circuit reversed the district court's grant of summary judgment. The court held as a matter of law that Kellogg did not acquiesce in Exxon's use of its Cartoon Tiger in connection with the sale of non-petroleum products.[3] *See* 209 F.3d at 574, App. A at 26. The Sixth Circuit also held that because Kellogg sought only an injunction,[4] Exxon's laches defense was "inapplicable" – "laches . . . does not bar injunctive relief." 209 F.3d at 568-69, App. A at 13.

REASONS FOR GRANTING CERTIORARI

I. The Sixth Circuit's Rule that Laches Cannot Bar Injunctive Relief in Trademark Cases Conflicts with the Law of Other Circuits and Is Inconsistent with Previous Decisions of This Court.

For well over a century, courts have struggled with the application of the doctrine of laches in trademark litigation. The seeds for the different treatment of laches in trademark cases appear to have been sown in *McLean v. Fleming*, 96 U.S. 245 (1877), where the Court observed:

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[3] Throughout the district court proceedings, Kellogg had sought to enjoin all use of the Exxon Cartoon Tiger. On appeal, it withdrew its objection to Exxon's use of the Cartoon Tiger for petroleum products, and "now seeks injunctive relief only to prohibit Exxon's continued use of its cartoon tiger in connection with food, beverages, and retail convenience stores." 209 F.3d at 574, App. A at 25.

[4] *See supra* note 2.

"Equity courts will not, in general, refuse an injunction on account of delay in seeking relief, where the proof of infringement is clear, even though the delay may be such as to preclude the party from any right to an account for past profits." *Id.* at 253; *see also Menendez v. Holt*, 128 U.S. 514, 523 (1888) (holding that laches was insufficient to bar an injunction in a case of willful infringement).

Since *McLean* and *Menendez*, it has become well settled that cases involving mere delay must be distinguished from cases in which the delay has resulted in prejudice to the defendant. This Court and others have established that when a defendant justifiably relies upon and is prejudiced by the plaintiff's unreasonable delay, laches may estop a plaintiff from asserting a trademark claim and thus bar *all* relief. Only in the Sixth Circuit are district courts precluded from considering laches as a defense to a claim for injunctive relief.

A. The Sixth Circuit Has Established a Bright-Line Rule that Laches Is Inapplicable as a Defense to Injunctive Relief in a Trademark Case.

In 1985, the Sixth Circuit, borrowing principles from patent cases,[5] first suggested that laches might be insufficient to bar injunctive relief in trademark cases in the

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[5] The idea that laches does not bar injunctive relief in an "infringement" action appeared previously in the Sixth Circuit in *TWM Mfg. Co. v. Dura Corp.*, 592 F.2d 346, 349-50 (6th Cir. 1979), a patent case. *TWM* provides no basis for expanding this concept to trademark cases. The Federal Circuit has held that because of the limited duration of the patent term, laches in a patent case cuts off only damages and not injunctive relief for the remainder of the patent term. *See A.C. Aukerman Co. v. R.L.*

absence of some extraordinary circumstance. *See Tandy Corp. v. Malone & Hyde, Inc.*, 769 F.2d 362, 366 n.2 (6th Cir. 1985).[6] The suggestion was dictum, however, for the court held that the plaintiff had not unreasonably delayed its suit, and thus there was no basis for claiming laches. Six years later, the Sixth Circuit treated as settled law the proposition that something more than laches is necessary to bar an injunction in trademark cases, but the statement was again dictum. *See Elvis Presley Enter., Inc. v. Elvisly Yours, Inc.*, 936 F.2d 889, 894-95 (6th Cir. 1991). Finally, in *Grand Lodge, Fraternal Order of Police v. Labor Council Michigan Fraternal Order of Police, Inc.*, 33 U.S.P.Q.2d 1369 (6th Cir. 1994), the court applied these dicta in rejecting the argument that the plaintiff's claims were barred by laches. *See id.* at 1371 (quoting *Elvis Presley Enter.* and *Tandy*).[7]

Chaides Constr. Co., 960 F.2d 1020, 1040-41 (Fed. Cir. 1992). The court explained that the same is not true for trademark cases. *Id.*

[6] Footnote 2 of the *Tandy* opinion states in relevant part: "To deny injunctive relief in trademark litigation, however, some affirmative conduct in the nature of an estoppel, *see, e.g., James Burrough Ltd. v. Sign of Beefeater, Inc.*, 572 F.2d 574, 578-79 (7th Cir. 1978), or conduct amounting to 'virtual abandonment,' *see University of Pittsburgh v. Champion Products, Inc.*, 686 F.2d 1040, 1044-45 (3d Cir. 1982), is necessary." 769 F.2d at 366 n.2. Although *James Burrough* and *University of Pittsburgh* are trademark cases, neither supports the proposition that laches cannot operate as a defense to a claim for injunctive relief. Indeed, *University of Pittsburgh* explicitly states in dicta that laches can operate to bar all relief. *See* 686 F.2d at 1044; *see also infra* note 9.

[7] Although *Grand Lodge* is reported in full in the *United States Patent Quarterly* (and on electronic databases), the opinion was not designated for publication by the Sixth Circuit. Thus it

In the present case, the district court also applied these dicta to hold that it could not consider Exxon's laches defense, *see* App. B at 46, despite its findings of Kellogg's unreasonable delay, *see* App. B at 48, and of prejudice to Exxon, *see* App. B at 50. The Sixth Circuit similarly held, on the basis of these prior cases, that Exxon's laches defense was "inapplicable" because "laches . . . does not bar injunctive relief." 209 F.3d at 568-69, App. A at 13.[8]

Thus, the unequivocal law of the Sixth Circuit is that laches is unavailable as a defense to a claim for injunctive relief in a trademark case.

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is included in the *Federal Reporter* only as a table entry. *See* 38 F.3d 1215 (6th Cir. 1994). The very fact that the Sixth Circuit did not consider the opinion worthy of publication is a good indication that the rule applied by the court below was already firmly established in the Sixth Circuit. The well-established nature of the doctrine is also indicated by the district court decisions within the Sixth Circuit applying the rule, *see, e.g., Freed v. Farag*, 994 F. Supp. 887, 891 (N.D. Ohio 1997) ("Prospective relief in an infringement action is not barred by a finding of laches."), and by the decisions in the present case.

[8] Although cases from various courts occasionally use the term "laches" to refer simply to an unreasonable delay without the element of prejudice to defendant, *see, e.g.*, 5 J.T. McCarthy, McCarthy on Trademarks and Unfair Competition, § 31:2 at 31-10.1 (4th ed. 1996), it is clear that the Sixth Circuit's error was not a semantic one. The court specifically held that to deny injunctive relief, "Exxon must prove acquiescence," and that "more is necessary than the ordinary requirement of unreasonable delay and prejudice to the defendant." 209 F.3d at 569, App. A at 13.

B. In Trademark Litigation in Other Circuits, Laches May Be Raised as a Defense Against Claims for Injunctive Relief.

The courts of appeals outside of the Sixth Circuit have frequently considered the doctrine of laches in trademark cases, and have overwhelmingly concluded that laches may be raised as a defense against claims for injunctive relief.

1. The Second and Ninth Circuits. The position of the Sixth Circuit stands in clearest conflict with that of the Second and Ninth Circuits, which have expressly considered and rejected the argument that laches does not bar injunctive relief in a trademark case. In the Second Circuit, Judge Newman made this point emphatically:

> Saratoga Vichy argues that in trademark suits the defense of laches is not available to defeat equitable claims for an injunction, but only to defeat equitable claims for an accounting of profits. With respect to the federal law claims, this position has long been rejected; one leading example is a decision of the United States Supreme Court in favor of Saratoga Vichy itself.

Saratoga Vichy Spring Co. v. Lehman, 625 F.2d 1037, 1041 (2d Cir. 1980) (citing *French Republic v. Saratoga Vichy Spring Co.*, 191 U.S. 427 (1903), and collecting cases providing "more recent rejections" of the argument). Affirming a grant of summary judgment for the defendants, the court held that the plaintiff's suit was "barred by laches, as a matter of law, as to all alleged grounds of relief." 625 F.2d at 1040.

Indeed, this doctrine has long been the rule in the Second Circuit. In *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961), for example, the court similarly upheld a laches-based dismissal of claims for an injunction. Judge Friendly explained that although the plaintiff might have been "entitled to at least some injunctive relief if it had moved with reasonable promptness . . . , we are not required to decide this since we uphold the District Court's conclusion with respect to laches." *Id.* at 496. *See also, e.g., Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187 (2d Cir. 1996) (citing *Saratoga Vichy* and extending its principle to Lanham Act false advertising case; laches held to bar all relief).

The Ninth Circuit has just as firmly rejected the rule adopted by the Sixth Circuit. In *Prudential Insurance Co. of America v. Gibraltar Financial Corp. of California*, 694 F.2d 1150 (9th Cir. 1982), the plaintiff, citing this Court's opinions in *Menendez* and *McLean*, "contend[ed] that laches may preclude damages, but cannot bar injunctive relief." 694 F.2d at 1152. The Ninth Circuit flatly rejected the argument, pointing out that this Court "explicitly made laches available as an equitable defense barring injunctive relief in *United Drug Co. v. Rectanus Co.*, 248 U.S. 90, 102-03 (1918); and *French Republic v. Saratoga Vichy Spring Co.*, 191 U.S. 427, 436-37 (1903)." 694 F.2d at 1152 (parallel citations omitted) (explaining that those later cases "limited the *Menendez* and *McLean* rationale to situations involving fraudulent imitation or conscious infringement"). The Ninth Circuit also noted the "wealth of authority in other circuits that laches can bar injunctive relief." *Id.* at 1152 n.1 (collecting cases). It affirmed the district court's dismissal of the plaintiff's injunctive

claims, stating succinctly, "Prudential is barred by laches." *Id.* at 1152. The next year, the Ninth Circuit reaffirmed this principle, declaring, "Laches can bar recovery in trademark or tradename actions where injunctive relief is sought." *E-Systems, Inc. v. Monitek, Inc.*, 720 F.2d 604, 607 (9th Cir. 1983) (reversing the grant of an injunction and remanding for dismissal).

2. The Third, Fifth, and Eleventh Circuits. The decision below is also in direct conflict with decisions of the Third, Fifth, and Eleventh Circuits. These courts have explicitly held in trademark cases that laches may bar injunctive relief, although without explicitly addressing the counter-argument. In *Procter & Gamble Co. v. J. L. Prescott Co.*, 102 F.2d 773 (3d Cir. 1939), the court declared, "All other things being equal we would enjoin the use of the [challenged trademark]," *id.* at 779, but the court held that it " 'would not afford relief where there had been such laches as would cause it to be inequitable to do so,' " *id.* at 780 (quoting *Creswill v. Grand Lodge Knights of Pythias of Georgia*, 225 U.S. 246, 261 (1912)).[9]

The Fifth Circuit has stated the law clearly and concisely: "There is no doubt that laches may defeat claims for injunctive relief as well as claims for an accounting." *Armco, Inc. v. Armco Burglar Alarm Co.*, 693 F.2d 1155, 1161 n.14 (5th Cir. 1982). The Eleventh Circuit similarly made

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[9] The continued acceptance of the majority rule in the Third Circuit is well-illustrated by dicta in *University of Pittsburgh v. Champion Products, Inc.*, 686 F.2d 1040, 1044 (3d Cir. 1982) ("[I]t is also clear that actual 'laches' in effect works an equitable estoppel barring all relief and requires a showing of both delay and prejudice.").

clear that laches may enable a defendant to resist a claim for injunctive relief in a trademark case. *Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1517-18 (11th Cir. 1984). In each case, the court of appeals reversed the grant of an injunction and remanded for the district court to determine whether laches was established. *See Armco*, 693 F.2d at 1162; *Conagra*, 743 F.2d at 1518-19.

3. The Fourth, Seventh, and D.C. Circuits. The decision below is also in tension, at least, with decisions of the Fourth, Seventh, and D.C. Circuits, which have all held that laches is available to bar injunctive relief in trademark cases, albeit in cases involving other factors that possibly contributed to the denial of injunctive relief. In *Ambrosia Chocolate Co. v. Ambrosia Cake Bakery, Inc.*, 165 F.2d 693 (4th Cir. 1947), the Fourth Circuit found "adequate basis for an absolute defense on the ground of laches and acquiescence" and noted that defendant "built up a large and lucrative cake business; therefore plaintiff is now estopped from destroying that business by an injunction." *Id.* at 695.

The Seventh Circuit, affirming a laches-based dismissal of a Lanham Act false advertising claim in *Hot Wax, Inc. v. Turtle Wax, Inc.*, 191 F.3d 813 (7th Cir. 1999), noted that the Act "specifically contemplates that both injunctive relief and awards of damages for violations of 15 U.S.C. § 1125 shall be subject to the principles of equity, which include the doctrine of laches." 191 F.3d at 822.

In *NAACP v. NAACP Legal Defense & Educational Fund*, 753 F.2d 131 (D.C. Cir. 1985), another case involving the elements of both laches and acquiescence, the D.C.

Circuit made its position very clear: "Laches may bar injunctive relief when the defendant has established a substantial reliance interest." *Id.* at 137. The district court had granted an injunction, but the court of appeals reversed and remanded the case with instructions to dismiss, concluding that "laches bars the injunctive relief sought by [the plaintiff]." *Id.* at 141.

4. The Eighth Circuit. Finally, the Sixth Circuit's position is inconsistent with recent Eighth Circuit dictum, which also states unequivocally that laches may bar injunctive relief. *See Hubbard Feeds, Inc. v. Animal Feed Supplement, Inc.*, 182 F.3d 598, 602 (8th Cir. 1999) ("Laches applies when a claimant inexcusably delays in asserting its claim and thereby unduly prejudices" the defendant; in such cases, "equity dictates" that the plaintiff may not enforce its trademark against the defendant.).

C. In Previous Trademark Cases, This Court Has Held that Laches Barred Injunctive Relief.

This Court has held that injunctive relief in trademark cases may not be foreclosed based on mere delay (without a showing of prejudice), *McLean v. Fleming*, 96 U.S. 245, 253 (1877), or when the defendant's infringement is willful and fraudulent, *Menendez v. Holt*, 128 U.S. 514, 523 (1888). But the Court has since held that laches barred injunctive relief in trademark cases. In *Creswill v. Grand Lodge Knights of Pythias of Georgia*, 225 U.S. 246 (1912), in which the plaintiff sought to enjoin a fraternal order's use of a trademark twenty-five years after it had begun, the Court concluded:

> The facts . . . concerning the establishment of the [defendants'] order, its lodgment in Georgia, its vast expansion, its years of duration, and its volume of transactions . . . leave no room for any other but the legal conclusion of laches. This, we think, in the most conclusive way demonstrates the violation of the most elementary principles of equity which would result from the enforcement of the injunction which the court [below] awarded.

Id. at 262-63. *See also French Republic v. Saratoga Vichy Spring Co.*, 191 U.S. 427, 436-37 (1903) (laches barred an injunction where the defendant "has been openly and notoriously bottling and selling its waters" under the challenged trademark and "no move was made against them for twenty-five years"); *Ancient Egyptian Arabic Order of Nobles of the Mystic Shrine v. Michaux*, 279 U.S. 737, 749 (1929) (the plaintiff's "laches barred it from asserting an exclusive right, or seeking equitable relief, as against the [defendant]").

As discussed in parts I.B.1 and I.B.2, *supra*, the Second, Third, and Ninth Circuits have all recognized and commented upon this Court's holdings that laches is available in trademark cases as a defense barring injunctive relief. *See Saratoga Vichy Spring Co. v. Lehman*, 625 F.2d 1037, 1041 (2d Cir. 1980); *Procter & Gamble Co. v. J. L. Prescott Co.*, 102 F.2d 773, 780 (3d Cir. 1939); *Prudential Ins. Co. of Am. v. Gibraltar Fin. Corp. of California*, 694 F.2d 1150, 1152 (9th Cir. 1982).

In sum, the Sixth Circuit's rule that "laches . . . does not bar injunctive relief" in a trademark case, 209 F.3d at 568, App. A at 13, stands in direct conflict with the law of

five other circuits, is in severe tension with the law of four additional circuits, and is inconsistent with prior decisions of this Court.

II. Whether Laches Is Available as a Defense Against a Claim for Injunctive Relief Is an Important Issue of Federal Trademark Law that This Court Should Resolve.

A. Laches is an Important Issue in Trademark Litigation.

In the last fourteen years, almost a hundred trademark cases involving the defense of laches have been reported in *United States Patent Quarterly*, a specialized reporter that publishes selected intellectual property cases.[10] Of course, this number represents the tip of the iceberg; laches has undoubtedly been an important issue

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[10] This represents trademark cases with enough discussion of the laches defense for the editors of the *United States Patent Quarterly* (*U.S.P.Q.*) to assign headnote number 335.1005, which covers "Trademarks and Unfair Trade Practices – Infringement; conflicts between marks – Defenses – Laches or limitations period." Petitioner has located 96 such cases (29 court of appeals cases, 60 district court cases, and 7 decisions from the Trademark Trial and Appeal Board of the Patent and Trademark Office) in the *U.S.P.Q.2d* series, which began in 1986. This is a conservative estimate even of the number of trademark cases in the *U.S.P.Q.2d* series that discuss laches. For example, the editors apparently did not consider the laches discussion in *Grand Lodge, Fraternal Order of Police v. Labor Council Michigan Fraternal Order of Police, Inc.*, 33 U.S.P.Q.2d 1369 (6th Cir. 1994), *see supra* at 6 & n.7, sufficient to assign headnote number 335.1005. Thus it is not included as one of the 29 court of appeals cases.

in countless more trademark cases that went unreported or settled prior to a final disposition. The prevalence of such cases emphasizes the importance of properly defining the standards for applying laches in a trademark dispute.[11]

B. Consistency Among the Circuits Is Needed To Discourage Forum Shopping and Promote the Legislative Goal of Uniformity in Trademark Law.

If Kellogg had sued Exxon in New York or California – or in Texas, where Exxon is headquartered – there is no question that Exxon could have asserted its laches defense. Because Kellogg sued in Tennessee, however, its claim for injunctive relief was exempt from that defense. By denying the laches defense to all trademark defendants in Kentucky, Michigan, Ohio, and Tennessee, the Sixth Circuit provides a convenient place for dilatory plaintiffs to seek injunctive relief that is otherwise unavailable to them. For trademark owners doing business throughout the United States (including on the Internet), this rule would have serious consequences.[12] Absent

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[11] Another illustration of the number of potential cases affected by the Sixth Circuit's ruling is provided by the number of entities using a tiger (or the word "tiger") as a trademark. Evidence obtained during discovery in this case points to dozens of such uses that Kellogg has never challenged. Although many of these trademarks appear to have been in use for a long time, each user that is subject to jurisdiction in the Sixth Circuit would be a potential target for tardy claims by Kellogg if the judgment below stands.

[12] Although only the Sixth Circuit has rejected the majority rule, the intercircuit conflict is nevertheless very serious.

acquiescence from every potential plaintiff, one who has used a trademark to build up a business without complaint, even one who would be severely prejudiced by a delayed infringement claim, can never be safe from a tardy lawsuit brought in the Sixth Circuit.

Such a discrepancy among the circuits in the relief available to trademark plaintiffs not only encourages forum shopping, but runs contrary to the purpose of federal trademark law, as codified by Congress in the Lanham Act, 15 U.S.C. § 1051 *et seq*. In an opinion exploring the "purposes of the Lanham Act and the intent of Congress in enacting it," the Eleventh Circuit concluded that Congress intended "to establish uniform regulation of trademarks thereby eliminating the possibility that remedies would vary from state to state. . . . " *Rickard v. Auto Publisher, Inc.*, 735 F.2d 450, 457 (11th Cir. 1984).[13]

Because so many businesses are subject to jurisdiction in every circuit (and the plaintiff may generally select any forum where the defendant uses its trademark), it only takes one court of appeals that is willing to grant plaintiffs otherwise unavailable relief to create the problems discussed here. If the decision below is allowed to stand, dilatory plaintiffs will be much more likely to file suit in the Sixth Circuit.

[13] *Accord, Centaur Comm., Ltd. v. A/S/M Comm., Inc.*, 830 F.2d 1217, 1229 (2d Cir. 1987) (quoting *Rickard* with approval); *Transgo, Inc. v. Ajac Transmission Parts Corp.*, 768 F.2d 1001, 1025 (9th Cir. 1985) (citing *Rickard* and noting the "congressional purposes of uniformity and simplicity in the trademark laws"). Similarly, Justice White stated that "the purpose of the Lanham Act was to codify and unify the common law of unfair competition and trademark protection." *Inwood Lab., Inc. v. Ives Lab. Inc.*, 456 U.S. 844, 861 n.2 (1982) (White, J., concurring) (citing S. Rep. No. 1333, 79th Cong., 2d Sess. (1946)). As trademark commentator Jerome Gilson pointed out in

Given the nationwide effect of the Lanham Act, a variance in remedies among the federal circuits is even more problematic than a variance among the states: A state's authority to vary remedies for trademark infringement is at least limited by its borders, whereas a dilatory plaintiff may obtain a nationwide injunction under the Sixth Circuit's rule. That rule, if allowed to stand, would destroy, on this issue, the uniformity that Congress sought when enacting the Lanham Act.

C. The Sixth Circuit's Rule Is Inconsistent with the Principles of Equity, Contrary to the Express Terms of the Lanham Act, and Poor Public Policy

The Sixth Circuit's bright-line rule completely eliminating the laches defense in trademark cases stands in stark contrast to the principles of equity on which the laches doctrine is founded. As Judge Learned Hand explained in a trademark case, "equity does not seek for general principles, but weighs the opposed interests in the scales of conscience and fair dealing." *Dwinell-Wright Co. v. White House Milk Co.*, 132 F.2d 822, 825 (2d Cir. 1943); *see also Seven-Up Co. v. O-So-Grape Co.*, 283 F.2d 103, 106 (7th Cir. 1960) ("Laches is an equitable doctrine, not

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congressional testimony on the need for a federal dilution statute, "In the history of trademark legislation in this country, uniformity has been a much sought after goal." *Hearing on H.R. 4156 Before the Subcomm. On Courts, Civil Liberties, and the Administration of Justice of the House Comm. On the Judiciary*, 100th Cong. 86-87 (1988) (statement of Jerome Gilson).

fixed by any unyielding measure, but to be determined in each case under its factual situation. . . . ").

The Lanham Act expressly provides that courts should grant injunctions "according to the principles of equity," 15 U.S.C. § 1116(a); *see also* 15 U.S.C. § 1125(c)(1), and makes no distinction among the equitable principles of laches, estoppel, and acquiescence. 15 U.S.C. § 1115(b)(9). The Sixth Circuit rule handcuffs district judges, who are well-equipped to weigh the equities in each case, by denying them the discretion to find a trademark claim barred by laches when the equities demand it. The doctrine of laches recognizes that, at some point, a trademark user that invests time and money in building up its trademark without objection from another party should be able to rely on the failure to object, even without the other party's affirmative consent.

The rule set forth by the Sixth Circuit requires affirmative action by the plaintiff in acquiescing to the defendant's use. Under the decision below, unreasonable delay and prejudice to the defendant can never be enough.[14] Requiring a trademark owner to seek out consent from all possible plaintiffs would likely increase litigation by suggesting infringement claims that otherwise would not have been considered. It would also encourage the filing

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[14] The Sixth Circuit's rule does allow a court to infer acquiescence from a delay that has been so long and unreasonable as to constitute a "virtual abandonment" of plaintiff's trademark rights. However, the court below made no further attempt to define such a delay, and held as a matter of law that an assumed twelve-year delay by Kellogg was insufficient. *See* 209 F.3d at 574, App. A at 26.

of declaratory judgment suits in other circuits by prospective defendants wishing to avoid the Sixth Circuit rule. Finally, it would encourage a plaintiff with a questionable trademark infringement claim to lie in wait until a defendant's business becomes successful and the threat of an injunction increases in value, rather than resolving the claim while the issues are fresh and the potential prejudice to the defendant is minimal. These problems will all be reduced or eliminated by a consistent rule in trademark cases that laches, when the equities dictate, may foreclose a claim for injunctive relief.

D. The Current Case Offers a Suitable Vehicle for This Court To Resolve an Important Intercircuit Conflict

1. The Conflict Is Ripe for Resolution by This Court. This case squarely presents an issue on which ten circuits have already expressed their views. Over the last fifteen years, the Sixth Circuit has discussed the issue four times, and has consistently taken the position that laches cannot bar injunctive relief in a trademark case. In the decision below, this bright-line rule represents a clear holding that would be binding on future cases. Even before the decision below, both the Sixth Circuit and district courts within the circuit treated the issue as settled. *See supra* part I.A.

In five other circuits, the courts of appeals have reached the opposite conclusion in equally clear holdings. The Second Circuit, which is particularly important in trademark litigation, has discussed the issue several times over many years, and has consistently ruled that

laches can bar injunctive relief in a trademark case. The principle has been established in clear Second Circuit holdings for at least forty years. The Ninth Circuit has also held on multiple occasions that laches can bar injunctive relief in a trademark case. Furthermore, both circuits have explicitly considered and rejected the contrary rule. *See supra* part I.B.1. The Third, Fifth, and Eleventh Circuits have agreed with the Second and Ninth Circuits in clear holdings. *See supra* part I.B.2.

In four other circuits, the courts of appeals have also agreed with the Second and Ninth Circuits, but have done so in a context that did not produce an unequivocal holding. *See supra* parts I.B.3 and I.B.4.

In sum, the question presented here has been fully considered and discussed in the lower courts. Continued percolation of the issue would be unlikely to serve any useful purpose. In most circuits, further reasoned analysis is unlikely because the issue can be readily resolved by binding or closely analogous authority. This Court should resolve the conflict now.

2. The Current Case Raises the Issue Cleanly. The current case raises the laches issue cleanly and directly, without extraneous factors that might prevent the Court from resolving the question presented. There are no factual complications primarily because the Sixth Circuit's rule makes the facts irrelevant. The very point of the rule is to prohibit the district court from considering the facts that might – in another circuit – establish a defense to injunctive relief.

In any event, to the extent that the underlying facts place the laches issue in context, the facts here are not

only straight-forward but also familiar to most Americans. Although the district court was prohibited from exercising its discretion to decide Exxon's laches motion on the merits, its conclusions on the acquiescence motion (*i.e.*, unreasonable delay by Kellogg and prejudice to Exxon) plainly establish that Exxon would have had at least a plausible claim to succeed on the merits. The current case thus offers the ideal opportunity for this Court to provide much-needed guidance on an important issue of federal trademark law.

CONCLUSION

Exxon has used its Cartoon Tiger since 1964 and has made substantial investments promoting the trademark. If Kellogg had any legitimate objections, it was "grossly remiss" in failing to voice them earlier. The Sixth Circuit, refusing even to consider these circumstances, has denied the district court the power to do equity. It has developed a doctrine that promotes forum shopping and undermines the uniformity that the Lanham Act sought to achieve. Exxon respectfully requests that this Court grant

the petition for writ of certiorari and resolve the intercircuit conflict.

Respectfully submitted,

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August 14, 2000

Appendix A

COURT OF APPEALS OPINION

RECOMMENDED FOR FULL-TEXT PUBLICATION
Pursuant to Sixth Circuit Rule 206

ELECTRONIC CITATION: 2000 FED App. 0123P (6th Cir.)
File Name: 00a0123p.06

UNITED STATES COURT OF APPEALS

FOR THE SIXTH CIRCUIT

KELLOGG COMPANY,	)	
	)	
Plaintiff-Appellant/	)	
Cross-Appellee,	)	Nos. 98-6237/
	)	98-6360
v.	)	
	)	
EXXON CORPORATION,	)	
	)	
Defendant-Appellee/	)	
Cross-Appellant.	)	

Appeal from the United States District Court
for the Western District of Tennessee at Memphis.
No. 96-03070 – Julia S. Gibbons, Chief District Judge.

Argued: Sept. 14, 1999

Decided and Filed: April 6, 2000

Before: BATCHELDER and GILMAN, Circuit Judges; HOOD,* District Judge.

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* The Honorable Denise Page Hood, United States District Judge for the Eastern District of Michigan, sitting by designation.

COUNSEL

ARGUED: Daniel S. Mason, San Francisco, California, for Appellant, Louis T. Pirkey, ARNOLD, WHITE & DURKEE, Austin, Texas, for Appellee. **ON BRIEF:** Daniel S. Mason, San Francisco, California, Grady M. Garrison, BAKER, DONELSON, BEARMAN & CALDWELL, Memphis, Tennessee, Christopher T. Micheletti, FURTH, FAHRNER & MASON, San Francisco, California, for Appellant, Louis T. Pirkey, Stephen P. Meleen, William G. Barber, ARNOLD, WHITE & DURKEE, Austin, Texas, Buckner P. Wellford, John J. Thomason, THOMASON, HENDRIX, HARVEY, JOHNSON & MITCHELL, Memphis, Tennessee, Robert D. Rippe, Jr., Charles A. Beach, EXXON CORPORATION, Irving, Texas, Christopher T. Micheletti, FURTH, FAHRNER & MASON, San Francisco, California, for Appellee.

OPINION

ALICE M. BATCHELDER, Circuit Judge. Plaintiff-Appellant Kellogg Company appeals the district court's order granting summary judgment to Defendant-Appellee Exxon Corporation on Kellogg's complaint alleging federal and state law claims of trademark infringement, false designation of origin, false representation, dilution, and unfair competition. Because we conclude that the district court erred in (1) holding that Kellogg had acquiesced in Exxon's use of the challenged mark, (2) dismissing Kellogg's dilution claim, and (3) holding that no genuine issues of fact material to Kellogg's claim of abandonment

remain for trial, we reverse the judgment of the district court and remand the case for further proceedings.

BACKGROUND

In 1952, Kellogg began using a cartoon tiger in connection with "Kellogg's Frosted Flakes" cereal and registered its "Tony The Tiger" name and illustration in the United States Patent and Trademark Office ("PTO"). Today, Kellogg owns a number of federal trademark registrations for the name and appearance of its "Tony The Tiger" trademark; those trademark registrations cover, among other things, "cereal-derived food product to be used as a breakfast food, snack food or ingredient for making food."

In 1959, Exxon began using a cartoon tiger to promote motor fuel products, and in 1965, Exxon registered federally its "Whimsical Tiger" for use in connection with the sale of petroleum products. Exxon used its cartoon tiger in its "Put A Tiger In Your Tank" advertising campaign, which ran between 1964 and 1968. In 1968, Kellogg acknowledged Exxon's use of its cartoon tiger when it requested Exxon not to oppose Kellogg's application to register its "Tony The Tiger" trademark in Germany. Exxon's "Whimsical Tiger" trademark, obtained with no opposition from Kellogg, became incontestable in 1970.

In 1972, Exxon changed its name from Standard Oil Company to Exxon Corporation and changed its primary trademarks from "Esso," "Enco", and "Humble" to "Exxon." Exxon submitted into evidence numerous newspaper and magazine articles and other promotional materials demonstrating its extensive and costly advertising

campaign to promote its new "Exxon" mark using the cartoon tiger and to launch its "Energy For A Strong America" campaign, which ran in the latter half of the 1970s. For example, an article in a 1973 issue of *Advertising Age* called Exxon's advertising campaign "the classic 'name change' campaign of all time, with approximately $100,000,000 involved in the face lift!" Harry Wayne McMahan, *McMahan Picks the 100 Best TV Commercials of the Year,* ADVERTISING AGE, Feb. 19, 1973.

In the early 1980s, Exxon's advertising agency, McCann-Erickson ("McCann"), suggested that Exxon phase out the use of its cartoon tiger and begin using a live tiger, opining that the cartoon tiger was too whimsical and, hence, inappropriate in light of prevalent oil shortages. In 1981, Exxon began to adopt a new look for its gas stations, implementing a program to modernize the gas pumps and to eliminate its cartoon tiger on the pump panels. At that time, Exxon had between 16,000 and 18,000 gas stations in the United States. Over 11,000 of these gas stations were owned and operated by independent distributors ("distributor stations"), and the rest were owned and operated by Exxon ("company operated retail stores" or "CORS") or owned by Exxon and operated by independent dealers ("dealer stations"). The modernization program to bring about this "new look" entailed removal of the cartoon tiger head design from the lower panels or "pump skirts" on its Exxon "Extra" gasoline dispensers. In a letter dated August 12, 1982, Exxon instructed its regional managers to begin phasing out their use of the cartoon tiger:

> The purpose of this memo is to communicate new guidelines pertaining to the application of

> the Exxon Tiger and the Exxon Emblem in all advertising, point-of-sale material, Company publications, etc.
>
> Exxon Tiger – Effective immediately, the use of the cartoon tiger is to be discontinued.

Exxon explored possible ways to protect its cartoon tiger trademark while shifting toward a live tiger. For example, a 1984 internal office memo suggested:

> Since the only way to protect the Trademark is to use it, it might be wise for us to explore ways that the Cartoon Tiger can be used in marketing on a limited basis. This is not a hot item, but one that we can't forget about and be embarrassed later.

A 1985 internal office memo, which listed the subject as "Trademarks," stated:

> Advertising discontinued use of the "Cartoon Tiger" in all advertising, point-of-sale material and company publications on August 12, 1982. Regions were advised at that time to do the same (see letter attached). To my knowledge, there has been no use of the "Cartoon Tiger" by advertising or [in] the areas other than the tiger head which appears on the pre-RID Trimline Exxon Extra gasoline pumps/dispensers.
>
> We have asked McCann to explore ways that the "Cartoon Tiger" could be used to protect the mark. In reviewing possible station applications, two general areas seem to afford the most opportunities. . . .

This memo discussed possible strategic placement of cartoon tiger decals around the pump islands and sales rooms/kiosks. Other correspondence between Exxon's

attorneys, Exxon's marketing department, and McCann reveals Exxon's efforts to reduce its use of the cartoon tiger while ensuring trademark protection. Exxon ultimately decided to use its cartoon tiger as a graphic display on its stations' pump toppers.

Many Exxon stations were slow to remove the cartoon tiger from their pumps. In late 1985 and early 1986, Exxon was using its cartoon tiger on pump toppers at approximately 2,500 gas stations. In 1987, Exxon photographed every distributor station in the United States. Thousands of photographs were taken and stored at Exxon, but most of them were destroyed in a 1994 routine file room clean-up. Based upon those photographs that remain, Exxon estimates that approximately 10% of the 11,000 distributor stations still displayed the cartoon tiger in 1987. In 1993, Exxon contractually obligated its distributors to comply with the modernization program and to convert their stations to the "new look," threatening to remove from the Exxon chain those stations that failed to comply by April 1, 1995.

Exxon submitted evidence in an effort to show that, despite its efforts to convert the look of its gas stations and shift toward the use of a live tiger, its use of the cartoon tiger throughout the 1980s was sufficient to maintain its rights in the mark. In November 1985, Exxon had renewed its federal trademark registration for its cartoon tiger; this renewal would last an additional 20 years. From 1985 to 1990, some Exxon stations used a costumed version of the cartoon tiger for appearances at grand opening events and various promotional activities. In late 1989 and again in 1993, Exxon ran a promotion called "Color to Win," in which over one million contestants

submitted entries of a cartoon tiger to hundreds of Exxon stations. In the early 1990s, Exxon used its cartoon tiger to promote the Texas State Fair. Exxon also presented evidence showing that in 1973, an Exxon distributor in Virginia placed a large statue of a cartoon tiger in front of its gas station near the highway, and the statue remains there today.

In the early 1990s, after the *Exxon Valdez* oil spill, Exxon changed the appearance of its cartoon tiger, making it "more endearing, warm, and friendly." In the words of Exxon's principal artist, "Today's tiger is now cast in a more humanitarian role. He is polite to the elderly, plants trees for ecology and has an overall concern for the environment." Exxon also began to expand the use of its cartoon tiger. Although Exxon had opened its first company-operated convenience store in 1984, it was not until the early 1990s that Exxon began to use its cartoon tiger to promote the sale in those stores of certain foods and beverages, such as Domino's Pizza, Coca Cola, Pepsi Cola, Lays Potato Chips, and Dunkin Donuts. Exxon also began using its cartoon tiger to promote its own private label beverage, "Wild Tiger," and its own private label coffee, "Bengal Traders."

Exxon's use of the cartoon tiger to promote food, beverages, and convenience stores increased dramatically from 1992 to 1996. In October 1992, Exxon had about eight "Tiger Mart" stores; by October 1993, there were about 68 "Tiger Mart" stores; by October 1996, there were over 265 "Tiger Mart" stores.

On November 3, 1992, having learned of Exxon's reintroduction of its cartoon tiger in Canada and Argentina, Kellogg's trademark counsel complained about that use in a telephone conversation with an Exxon attorney and was advised that Exxon had been using its cartoon tiger in the United States as well. Kellogg immediately requested examples of such use, and on November 20, 1992, Exxon sent Kellogg a compilation of 14 examples of promotional materials appearing in the United States featuring its cartoon tiger. Not one of those examples disclosed Exxon's use of its cartoon tiger to promote food and beverage items or its new "Tiger Mart" stores.

In 1993, Kellogg challenged Exxon's use of the cartoon tiger in Canada, and in 1994, filed a lawsuit against Exxon's Canadian affiliate. Kellogg was unsuccessful in its attempt to negotiate a global settlement in 1994 and 1995. In March 1996, Exxon published for opposition its application to the PTO to register its cartoon tiger for use with convenience stores, and Kellogg commenced opposition proceedings. On October 7, 1996, Kellogg filed suit against Exxon in the United States District Court for the Western District of Tennessee. Kellogg originally sought actual and punitive damages derived from Exxon's use of its cartoon tiger trademark in connection with the sale of food items, as well as a preliminary and permanent injunction to prohibit Exxon's continued use of its cartoon tiger in connection with the sale of food items on the ground that it unlawfully infringed upon and diluted Kellogg's "Tony The Tiger" mark. Exxon moved for summary judgment on the infringement claim based on its affirmative defense of acquiescence, and for partial summary judgment on Kellogg's claims of abandonment and

progressive encroachment. The district court granted these motions and, holding that its decision rendered all remaining motions moot, dismissed Kellogg's bad faith infringement and dilution claims. *See Kellogg Co. v. Exxon Corp.*, 50 U.S.P.Q.2d 1499, 1507 (W.D. Tenn. 1998).

Kellogg raises the following assignments of error on appeal: (1) the district court improperly granted summary judgment because Exxon presented no evidence that Kellogg acquiesced in Exxon's use of its cartoon tiger in connection with the sale of non-petroleum products; (2) the district court improperly denied Kellogg's progressive encroachment claim because progressive encroachment is not limited by a requirement of "direct competition" and the district court failed to consider the likelihood of confusion between the marks; (3) the district court improperly denied Kellogg's abandonment claim because there are genuine issues of material fact with regard to whether Exxon's use of its cartoon tiger during the 1980s was bona fide or simply a sham to protect its rights in the mark; and (4) the district court improperly dismissed Kellogg's bad faith infringement and dilution claims as moot. In this appeal, Kellogg has abandoned its claim for damages and pursues only its claim for injunctive relief.[1]

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[1] Kellogg also sought declaratory relief pursuant to 28 U.S.C. §§ 2201, 2202, requesting that Exxon be required to abandon with prejudice its application for federal trademark registration of its "Hungry Tiger & Design" mark. Exxon filed a counterclaim pursuant to 15 U.S.C. § 1119 for declaratory judgment of its right to register federally its "Hungry Tiger & Design" mark, as well as its "Whimsical Tiger" and "Tiger Express" marks, based on its intent to use those marks to

ANALYSIS

We review de novo a district court's order granting summary judgment. *See Avery v. King*, 110 F.3d 12, 13 (6th Cir. 1997). Summary judgment is appropriate when there exists "no genuine issue of material fact and . . . the moving party is entitled to judgment as a matter of law." FED R. CIV. P. 56(c). "[T]he mere existence of *some* alleged factual dispute between the parties will not defeat an otherwise properly supported motion for summary judgment; the requirement is that there be no *genuine* issue of *material* fact." *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 247-8 (1986). The nonmoving party "must set forth specific facts showing that there is a genuine issue for trial" such that a jury reasonably could find for the plaintiff. *Id.* at 250 (citing FED. R. CIV. P. 56(e)). However, it is for the jury and not the judge to weigh the evidence and draw inferences from the facts. *See id.* at 250. "The evidence of

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promote retail convenience store services rendered at gasoline stations. The district court did not rule on Exxon's counterclaim, stating only that Kellogg failed to put Exxon's use of the "Hungry Tiger" at issue in any of its dispositive motions before the court and that Exxon's creation and use of the "Hungry Tiger" is not determinative of Exxon's claim of acquiescence or Kellogg's claims of abandonment and progressive encroachment. The district court found in favor of Exxon in all respects and never addressed Exxon's counterclaim for declaratory judgment to register its marks. Because Exxon filed a timely notice of cross-appeal to preserve its right to reassert its counterclaim in the event that any portion of Kellogg's claims is remanded for further proceedings, and because we reverse the district court decision in its entirety, we note that Exxon is entitled to pursue its counterclaim on remand.

the nonmovant is to be believed, and all justifiable inferences are to be drawn in his favor." *Id.* at 255 (citing *Adickes v. S.H. Kress & Co.*, 398 U.S. 144, 158-59 (1970)); *see also Wathen v. General Electric Co.*, 115 F.3d 400, 403 (6th Cir. 1997) (holding that when reviewing a motion for summary judgment, the district court must resolve all ambiguities and draw all factual inferences in favor of the nonmoving party).

Kellogg alleged trademark infringement against Exxon in violation of § 1114 of the Lanham Act, which states:

> (1) Any person who shall, without the consent of the registrant – (a) use in commerce any reproduction, counterfeit, copy, or colorable imitation of a registered mark in connection with the sale, offering for sale, distribution, or advertising of any goods or services on or in connection with which such use is likely to cause confusion, or to cause mistake, or to deceive . . . shall be liable in a civil action by the registrant for the remedies hereinafter provided.

15 U.S.C. § 1114(1). In *Daddy's Junky Music Stores, Inc. v. Big Daddy's Family Music Ctr.*, 109 F.3d 275 (6th Cir. 1997), we set forth the elements necessary to succeed on a claim of trademark infringement.

> The touchstone of liability under § 1114 is whether the defendant's use of the disputed mark is likely to cause confusion among consumers regarding the origin of the goods offered by the parties. When determining whether a likelihood of confusion exists, a court must examine and weigh the following eight factors:
>
> 1. strength of the senior mark;

2. relatedness of the goods or services;
3. similarity of the marks;
4. evidence of actual confusion;
5. marketing channels used;
6. likely degree of purchaser care;
7. the intent of defendant in selecting the mark; and
8. likelihood of expansion of the product lines.

> When applying these factors to a given case, a court must remember that these factors imply no mathematical precision, but are simply a guide to help determine whether confusion is likely. They are also interrelated in effect. Each case presents its own complex set of circumstances and not all of these factors may be particularly helpful in any given case. But a thorough and analytical treatment must nevertheless be attempted. The ultimate question remains whether relevant consumers are likely to believe that the products or services offered by the parties are affiliated in some way.

Id. at 280 (internal quotation marks, citations, and alterations omitted). Thus, crucial to any trademark infringement claim is the plaintiff's ability to show a likelihood of confusion on some fundamental level.

A. Laches, Acquiescence and Progressive Encroachment

In its motion for summary judgment, Exxon asserted the affirmative defenses of laches and acquiescence.

Although laches precludes a plaintiff from recovering damages, it does not bar injunctive relief. *See TWM Mfg. Co., Inc. v. Dura Corp.*, 592 F.2d 346, 349-50 (6th Cir. 1979) ("Laches alone does not foreclose a plaintiff's right in an infringement action to an injunction and damages after the filing of the suit. Only by proving the elements of estoppel may a defendant defeat such prospective relief."); *Tandy Corp. v. Malone & Hyde, Inc.*, 769 F.2d 362, 366 n.2 (6th Cir. 1985) (same). Because Kellogg withdrew its claim for actual and punitive damages, seeking injunctive relief only, the district court properly determined that laches was inapplicable and that Exxon must prove acquiescence.

Acquiescence, like laches, requires a "finding of conduct on the plaintiff's part that amounted to an assurance to the defendant, express or implied, that plaintiff would not assert his trademark rights against the defendant." *Elvis Presley Enter., Inc., v. Elvisly Yours, Inc.*, 936 F.2d 889, 894 (6th Cir. 1991) (quoting *Sweetheart Plastics, Inc. v. Detroit Forming, Inc.*, 743 F.2d 1039, 1046 (4th Cir. 1984)). Although both laches and acquiescence require proof that the party seeking to enforce its trademark rights has unreasonably delayed pursuing litigation and, as a result, materially prejudiced the alleged infringer, acquiescence requires more. *See Elvis*, 936 F.2d at 894 (holding that with acquiescence, "more is necessary than the ordinary requirement of showing unreasonable delay and prejudice to the defendant"); *Tandy*, 769 F.2d at 366 n.2 ("To deny injunctive relief in trademark litigation, . . . some affirmative conduct in the nature of an estoppel, or conduct amounting to 'virtual abandonment,' is necessary.") (internal citations omitted); *Sara Lee Corp. v. Kayser-Roth*

Corp., 81 F.3d 455, 462 (4th Cir. 1996) ("Although the doctrines of acquiescence and laches, in the context of trademark law, both connote consent by the owner to an infringing use of his mark, acquiescence implies active consent, while laches implies a merely passive consent."); *SCI Sys., Inc. v. Solidstate Controls, Inc.*, 748 F. Supp. 1257, 1262 (S.D. Ohio 1990) (same).

In *University of Pittsburgh v. Champion Prod., Inc.*, 686 F.2d 1040, 1044-45 (3d Cir. 1982), a decision relied upon by this Court in *Tandy*, the Third Circuit recognized that although mere delay by an injured party in bringing suit would not bar injunctive relief, "there is that narrow class of cases where the plaintiff's delay has been so outrageous, unreasonable and inexcusable as to constitute a virtual abandonment of its right." (citing *Anheuser-Busch, Inc. v. DuBois Brewing Co.*, 175 F.2d 370, 374 (3d Cir. 1949) ("[M]ere delay by the injured party in bringing suit would not bar injunctive relief. This doctrine, however, has its limits; for example, had there been a lapse of a hundred years or more, we think it highly dubious that any court of equity would grant injunctive relief against even a fraudulent infringer.")).

Implicit in a finding of laches or acquiescence is the presumption that an underlying claim for infringement existed at the time at which we begin to measure the plaintiff's delay.[2] In *Brittingham v. Jenkins*, 914 F.2d 447 (4th Cir. 1990), the Fourth Circuit held:

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[2] In this context, we use the analysis of laches and acquiescence interchangeably given that acquiescence encompasses the elements of laches.

> While the operation of laches depends upon the particular facts and circumstances of each case, the following factors ordinarily should be considered: (1) whether the owner of the mark knew of the infringing use; (2) whether the owner's delay in challenging the infringement of the mark was inexcusable or unreasonable; and (3) whether the infringing user was unduly prejudiced by the owner's delay.

Id. at 456. In *Sara Lee*, the Fourth Circuit recognized that a laches analysis "assumes the existence of an infringement for an extended period prior to the commencement of litigation." 81 F.3d at 462 (relying on *Brittingham* and holding that "to the extent that a plaintiff's prior knowledge may give rise to the defense of estoppel by laches, such knowledge must be of a pre-existing, *infringing* use of a mark."). In other words, when a defendant charged with trademark infringement avails itself of an acquiescence defense, we must presume the existence of some underlying infringement to which the plaintiff acquiesced, and any delay attributable to the plaintiff must be measured from the time at which the plaintiff knew or should have known that this infringement had ripened into a provable claim. *See Kason Indus., Inc. v. Component Hardware Group*, 120 F.3d 1199, 1206 (11th Cir. 1997) ("[D]elay is to be measured from the time at which the plaintiff knows or should know she has a provable claim for infringement."); *Gasser Chair Co. v. Infanti Chair Mfg. Corp.*, 60 F.3d 770, 777 (Fed. Cir. 1995) (holding that the trigger for delay begins when the plaintiff's "right ripens into one entitled to protection") (citation omitted).

Potential plaintiffs in trademark infringement cases steer a hazardous course between the Scylla of laches and

acquiescence and the Charybdis of premature litigation. The Fourth Circuit articulated this quandary as follows:

> From the time that [defendant] Kayser-Roth first introduced its Leg Looks (R) products, [plaintiff] Sara Lee has been on the horns of a dilemma: If [the trademark owner] waits for substantial injury and evidence of actual confusion, it may be faced with a laches defense. If it rushes immediately into litigation, it may have little or no evidence of actual confusion and real commercial damage, may appear at a psychological disadvantage as "shooting from the hip" and may even face a counterclaim for overly aggressive use of litigation.

Sara Lee, 81 F.3d at 462 (internal quotation marks and citation omitted) (third alteration in original). This common predicament has given rise to the doctrine of progressive encroachment.

Progressive encroachment is relevant in assessing whether laches or acquiescence may be used to bar a plaintiff's trademark claim; it applies in cases where the defendant has engaged in some infringing use of its trademark – at least enough of an infringing use so that it may attempt to avail itself of a laches or acquiescence defense – but the plaintiff does not bring suit right away because the nature of defendant's infringement is such that the plaintiff's claim has yet to ripen into one sufficiently colorable to justify litigation.

In *Kason*, the Eleventh Circuit addressed a plaintiff's progressive encroachment claim in the context of a defendant's laches defense, explaining the relationship between the two doctrines as follows:

> Though courts typically discuss encroachment as an excuse for delay, a close examination of . . . cases reveals that the doctrine significantly overlaps the courts' inquiry into when delay begins. In AmBrit, for example, this court measured delay from the point where the plaintiff knew the defendant was manufacturing the allegedly infringing product, but we considered the plaintiff's reasonable explanation for failing to sue immediately.

Kason, 120 F.3d at 1206 (citing *AmBrit, Inc. v. Kraft, Inc.*, 812 F.2d 1531, 1546 (11th Cir. 1986)). The plaintiff in *Kason* was a manufacturer and distributor of commercial refrigeration and food services hardware, and the defendant produced and marketed nearly identical hardware. *See id.* at 1201. Both parties competed in two markets: the original equipment manufacturer's market (OEMs) and the replacement parts distribution markets. *See id.* However, with regard to some particular parts, the plaintiff alleged that the defendant had been competing only in one market and had slowly encroached upon the other market – that is, the market in which plaintiff had been competing. *See id.* at 1201-2. *Kason* held that "where a defendant begins use of a trademark or trade dress in the market, and then directs its marketing or manufacturing efforts such that it is placed more squarely in competition with the plaintiff, the plaintiff's delay is excused." *Id.* at 1205.

Because the doctrines of laches and acquiescence must assume some underlying infringement, we recognize progressive encroachment as simply giving the plaintiff some latitude in the timing of its bringing suit, that is, waiting until the "likelihood of confusion looms large" to bring the action. *Sara Lee*, 81 F.3d at 462 (quoting

THOMAS MCCARTHY, MCCARTHY ON TRADEMARKS AND UNFAIR COMPETITION, § 31.06[2][a] (3d ed. 1995), renumbered as § 31.19 (4th ed. 1997)); *see also O. & W. Thum Co. v. Dickinson*, 245 F. 609, 623 (6th Cir. 1917) (recognizing that progressive encroachment is "a course [that] does not tend to arouse hostile action until it is fully developed"). Progressive encroachment is an offensive countermeasure to the affirmative defenses of laches and acquiescence; upon a finding of progressive encroachment, the delay upon which those defenses are premised is excused. In other words, progressive encroachment allows the plaintiff to demonstrate that although it might have been justified in bringing suit earlier but did not, certain factors now exist that have prompted it to do so.

The *Kason* Court, like many courts before it, recognized that implicit in a progressive encroachment analysis is an inquiry into the likelihood of confusion between the parties' marks.

> The district court should have evaluated under the progressive encroachment theory the point at which Kason could have demonstrated likelihood of confusion in its primary (either OEM or replacement) market. . . . It is not clear when Kason determined there was a likelihood of confusion in either market to file a claim for dress infringement. Thus, the district court on remand must view the merits of Kason's claims of trade dress infringement for each product in terms of the market involved. *It must determine whether there is a difference between the two markets material to the infringement claim, and whether and when any likelihood of confusion might have ripened into a claim.* We deem all of these facts not only relevant to the merits of Kason's claims, but also

> relevant to the equitable doctrine of laches and when, if at all, Kason legally could have asserted a provable claim of trade dress infringement. On the record submitted, without further explication by the district court, we cannot say as a matter of law that laches bars any claim.

Kason, 120 F.3d at 1206-07 (emphasis added).

In *SCI Systems*, 748 F. Supp. at 1257, the district court also was faced with a progressive encroachment claim countering a laches defense. There, the plaintiff provided a variety of electrical and electronic goods, including electrical power supplies and engineering services, and the defendant manufactured and sold electrical power control equipment. *See id.* at 1259. The plaintiff admitted that it had been aware of defendant's trademark and product since 1969, but claimed that the defendant had "only recently departed from the business practices which had allowed the parties to co-exist peaceably for many years, and that defendant has only recently encroached on plaintiff's rights." *Id.* at 1262. The plaintiff presented evidence showing that the defendant made certain changes to its mark, making it more similar in appearance to plaintiff's mark. *See id.* at 1262-63.

> [I]t was not until the 1980's when defendant entered into the data processing market, of which plaintiff had been a part for many years, by offering uninterruptible power supplies specially designed for use with data processing equipment . . . that *actual confusion between the companies developed.* It was not until this time, plaintiff contends, that the defendant changed its color scheme and its trademark presentation

> significantly which brought its usage of the mark "SCI" much closer to plaintiff's use.

Id. at 1262 (emphasis added).

The *SCI* Court recognized that under a progressive encroachment analysis, changes to a trademark and entry into the same marketing area can defeat a claim of laches. *See id.* at 1262. Because the defendant in *SCI* had "expanded its line and entered into new marketing areas[, and] . . . changed the appearance of its mark through presentation changes in design and color," the *SCI* Court, without addressing the merits of the underlying dispute or whether defendant was within its rights to make such changes, reversed the district court's grant of summary judgment in favor of the defendant on the defense of laches. *Id.* at 1263.

In *Prudential Ins. Co. v. Gibraltar Fin. Corp.*, 694 F.2d 1150, 1154 (9th Cir. 1982), a decision largely relied upon by the *SCI* Court, the plaintiff was a general insurance provider, and the defendant was a savings and loan association with insurance sales comprising less than 0.3% of its business. *See id.* at 1155. Relying on a number of progressive encroachment cases, the *Prudential* Court stated:

> These cases all rely on the principle that if the junior user of a mark moves into direct competition with the senior user, selling the same "product" through the same channels and causing actual market confusion, laches is no defense. Gibraltar has not moved into direct competition with Prudential as contemplated in these cases. Gibraltar and Prudential do not offer the same services to any substantial extent

> and there is *no evidence that actual confusion of their services has occurred.*

Id. at 1154 (emphasis added) (citing *Chandon Champagne Corp. v. San Marino Wine Corp.*, 335 F.2d 531, 535 (2nd Cir. 1964); *Standard Oil Co. v. Standard Oil Co.*, 252 F.2d 65 (10th Cir. 1958); *Independent Nail & Packing Co. v. Stronghold Screw Products, Inc.*, 205 F.2d 921, 927 (7th Cir. 1953); *Miss Universe, Inc. v. Patricelli*, 271 F. Supp. 104, 110 (D. Conn. 1967)).

Kason, SCI and *Prudential*, however, do not stand for the proposition that direct competition of identical products in identical markets is required for a finding of progressive encroachment. For example, in *Independent Nail & Packing*, 205 F.2d at 923, the plaintiff was a manufacturer of nails, and registered its "Stronghold Nails" trademark in 1938. Shortly thereafter, the defendant, a manufacturer of screws, nuts, and bolts, began using the name "Stronghold" in the design of a bolt and washer displayed on its business forms and catalogs; also displayed on these items was the company's name, Manufacturers Screw Products. *See id.* at 923-24. The plaintiff was aware of defendant's use of the name "Stronghold" on its business forms as early as 1941. *See id.* at 924, 927. In 1946, the defendant changed its name from Manufacturers Screw Products to Stronghold Screw Products, and the plaintiff filed suit in 1948. *See id.* The district court held that the plaintiff was barred by laches because it knew of defendant's infringing use of its trademark as early as 1940 or 1941 and did not bring suit until 1948. *See id.* The Seventh Circuit reversed the district court under a theory of progressive encroachment, stating:

> Prior to 1946 there was no confusion among prospective customers that had come to the attention of plaintiff's officers. It was defendant's incorporation of the word "Stronghold" into its business name that *caused most of the confusion*. Defendant's course was "progressive * * * encroachment" and "such a course does not tend to arouse hostile action until it is fully developed."

Independent Nail & Packing, 205 F.2d at 927 (emphasis added) (citing *O. & W. Thum*, 245 F. at 623). In determining whether, for purposes of the defendant's laches defense, the plaintiff had unreasonably delayed in filing suit, the court did not consider the period prior to the defendant's incorporation of the word "Stronghold" into its business name, when there was little likelihood of confusion. Rather, the court determined when the likelihood of confusion began to loom large, considering such factors as the similarity in scope of the parties' geographic markets, the degree to which the parties contacted the same prospective customers and appealed to the same general users' market, and the interchangeability of the products the parties sold; the court calculated the reasonableness of the plaintiff's delay from that point. The court's finding of progressive encroachment was not dependent upon a finding of direct competition between identical products; rather the progressive encroachment finding involved a recognition that the defendant's increasing use of the challenged word was not actionable until it actually caused a likelihood of confusion.

It is clear from all of these cases that the progressive encroachment analysis turns not on the single question of

direct competition, but rather, on the likelihood of confusion resulting from the defendant's moving into the same or similar market area and placing itself more squarely in competition with the plaintiff. This approach is consistent with the principle that the touchstone of liability for trademark infringement is the likelihood of confusion, not direct competition of identical products. Although direct competition of identical products certainly would make it easier for a plaintiff to show a likelihood of confusion, this factor alone is not dispositive of progressive encroachment. In evaluating a plaintiff's claim of progressive encroachment, a court must perform a likelihood of confusion analysis, informed by factors such as whether the defendant has brought itself more squarely into competition with the plaintiff, whether the defendant has made changes to its mark over the years so that it more closely resembles plaintiff's mark, whether the parties market to the same customers or area, and whether the parties sell products interchangeable in use.

In the case before us here, the district court held both that Kellogg had acquiesced in Exxon's use of the cartoon tiger and that Kellogg could not demonstrate progressive encroachment by Exxon on Kellogg's mark. We will address first the district court's holding that Kellogg acquiesced in Exxon's use of the cartoon tiger.

In granting Exxon's motion for summary judgment based on acquiescence, the district court held that Kellogg's remaining silent for a grossly extended period of time and refusing to facilitate the protection of its trademark constituted "conduct amounting to virtual abandonment" such that it acquiesced in Exxon's infringing use of its cartoon tiger. *See SCI*, 748 F. Supp. at 1262;

Tandy, 769 F.2d at 366 n.2. Relying on the *Anheuser-Busch* decision,[3] the district court found that Kellogg similarly was "grossly remiss" in that Exxon registered its "Whimsical Tiger" in 1965 – with no opposition from Kellogg – and Kellogg did not file suit until 31 years later. *See Kellogg*, 50 U.S.P.Q.2d at 1505.

We think that the district court erred in this conclusion. The failure to oppose Exxon's registration of its tiger and the lapse of time from that event until the filing of this action are not dispositive here. Although Exxon did in fact register its "Whimsical Tiger" trademark in 1965 – with no opposition from Kellogg – Exxon's trademark registration was for use in connection with the sale of petroleum products, a product and product market with which Kellogg had no connection. Exxon had used its cartoon tiger to promote petroleum sales and Kellogg used its trademark to promote food sales; the two marks peaceably co-existed, each catering to its own market. Because proof of the likelihood of confusion is necessary in any trademark infringement claim, Kellogg was not obligated to bring suit at that time in order to protect its trademark. It is undisputed, however, that at some point after registering its cartoon tiger in 1965, Exxon moved into the non-petroleum market of food, beverages, and retail convenience stores and used its cartoon tiger in connection with those sales. The point at which Exxon established itself in this non-petroleum market was the

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[3] The time period that the *Anheuser-Busch* Court considered so grossly extended as to constitute acquiescence and bar injunctive relief was 31 years (1909 to 1940). *See Anheuser-Busch*, 175 F.2d at 374.

point at which Kellogg knew or should have known that it now had a provable claim for infringement; it was at this point that Kellogg's duty to defend its trademark was triggered, and it is from this point that any delay must be measured for purposes of determining laches or acquiescence. We hold that Exxon's 1965 registration was insufficient to put Kellogg on notice of Exxon's later use of its cartoon tiger in connection with the sale of non-petroleum products. The district court's failure to distinguish between Exxon's sale of petroleum and non-petroleum products resulted in the clearly erroneous conclusion that Kellogg acquiesced in Exxon's use of its cartoon tiger to promote any and all of its products.

Although Kellogg originally challenged Exxon's use of its cartoon tiger in connection with both petroleum and non-petroleum products, Kellogg now seeks injunctive relief only to prohibit Exxon's continued use of its cartoon tiger in connection with food, beverages, and retail convenience stores.

> To defeat a suit for injunctive relief, a defendant must also prove elements of estoppel which requires more than a showing of mere silence on the part of the plaintiff; defendant must show that it had been misled by plaintiff through actual misrepresentations, affirmative acts of misconduct, intentional misleading silence, or conduct amounting to virtual abandonment of the trademark.

SCI, 748 F. Supp. at 1262. The record reflects a genuine factual dispute as to whether Kellogg was put on notice of such use by Exxon in the mid 1980s or the early 1990s; indeed, the evidence suggests that in 1992, when Kellogg

requested examples of Exxon's then-current use of its cartoon tiger in the United States, Exxon did not include a single example of its cartoon tiger used in connection with the sale of food items, leading Kellogg to believe that Exxon's use of its cartoon tiger in the United States was limited to the promotion of petroleum products. But even if we were to assume for the sake of argument that Kellogg should have known as early as 1984, when Exxon opened its first convenience store, that Exxon was using the cartoon tiger to promote the sale of food products, Kellogg's failure to bring suit until 1996 was not "so outrageous, unreasonable and inexcusable as to constitute a virtual abandonment of its right" to seek injunctive relief with regard to the sale of non-petroleum products. *See University of Pittsburgh*, 686 F.2d at 1044-45. There simply is no evidence in this record that in waiting until 1996 to file its complaint, Kellogg actively consented to Exxon's use of its cartoon tiger in connection with the sale of non-petroleum products or that it engaged in some "affirmative conduct in the nature of an estoppel, or conduct amounting to 'virtual abandonment.' " *See Tandy*, 769 F.2d at 366 n.2 (internal citations omitted).

We therefore hold that, as a matter of law, Kellogg did not acquiesce in Exxon's use of its cartoon tiger in connection with the sale of non-petroleum products. Accordingly, we reverse the district court's grant of summary judgment to Exxon on the infringement claim and remand this matter for trial on the merits of that claim.

We turn next to the district court's conclusion, based largely on the *Prudential* decision, that "direct competition" was dispositive of Kellogg's progressive encroachment claim:

> Although Exxon has entered into the convenient market food sales arena, Exxon has not become a manufacturer or distributor of food items. Exxon's "product" is a retail convenience store engaged in the business of selling food on the premises of gasoline service stations. Kellogg's "product" for the purposes of this case is cereal. Although, Exxon may sell Kellogg's cereal product in the Tiger Mart or Tiger Express stores, this fact alone does not establish that the parties are competitors in the same or even a related market. Even if there is actual confusion between the Kellogg and Exxon cartoon tiger trademarks, connection between the parties' products and marketing channels for the sale of their products is too attenuated to support Kellogg's claim of progressive encroachment.

Kellogg, 50 U.S.P.Q.2d at 1507. In ruling, without engaging in any analysis of the likelihood of confusion, that progressive encroachment requires "direct competition" of identical products, the district court erred as a matter of law. The district court held that (1) a plaintiff who failed to bring suit when it first learned of the defendant's infringing use of plaintiff's mark has acquiesced in the defendant's infringing use, but (2) the plaintiff does not have a meritorious claim of progressive encroachment because the parties' products are dissimilar and the connection between their marketing channels is attenuated. These two propositions are fundamentally irreconcilable. If the second were true, there could be no likelihood of confusion; without a likelihood of confusion, the plaintiff would not have a provable claim of infringement; in the absence of a provable claim of infringement, there would be no basis for the plaintiff's filing suit in the first place,

and no infringing conduct in which the plaintiff could have acquiesced. Put another way, if there is sufficient similarity between the products and connection between the marketing channels to start the clock running on the defendant's affirmative defense of acquiescence, then there is sufficient similarity and connection to permit the plaintiff to counter that defense with a showing of progressive encroachment.

Here, we have found as a matter of law that Kellogg did not acquiesce in Exxon's use of the cartoon tiger. Because progressive encroachment has relevance only to counter Exxon's claim of acquiescence, the district court erred in treating progressive encroachment as a claim independent of Exxon's acquiescence defense. Therefore, we will vacate the district court's grant of summary judgment to Exxon with regard to progressive encroachment; we note that the district court need not engage in a progressive encroachment analysis on remand.

B. Abandonment

In addition to its progressive encroachment claim, Kellogg claimed that Exxon had abandoned the cartoon tiger mark. Kellogg's Complaint recites Exxon's pending application to register a service mark depicting the cartoon tiger, called "Hungry Tiger & Design;" the Complaint raises as a separate claim for relief that Exxon abandoned its use of the cartoon tiger and demands a declaratory judgment to that effect.

Abandonment is defined in § 1127 of the Lanham Act:

> A mark shall be deemed to be "abandoned" if either of the following occurs: (1) When its use has been discontinued with intent not to resume such use. Intent not to resume may be inferred from circumstances. Nonuse for 3 consecutive years shall be prima facie evidence of abandonment. "Use" of a mark means the bona fide use of such mark made in the ordinary course of trade, and not made merely to reserve a right in a mark. (2) When any course of conduct of the owner, including acts of omission as well as commission, causes the mark to become the generic name for the goods or services on or in connection with which it is used or otherwise to lose its significance as a mark. Purchaser motivation shall not be a test for determining abandonment under this paragraph.

15 U.S.C. § 1127.

In order for a party to succeed on a claim of abandonment, it must prove the elements of both non-use and intent, *i.e.*, that the other party actually abandoned its mark through non-use and that it intended to do so. *See United States Jaycees v. Philadelphia Jaycees*, 639 F.2d 134, 138 (3d Cir. 1981) ("To establish the defense of abandonment it is necessary to show not only acts indicating a practical abandonment, but an actual intent to abandon.") (internal quotation marks and citation omitted); *Citibank v. Citibanc Group, Inc.*, 724 F.2d 1540, 1545 (5th Cir. 1984) (citing *Jaycees* and holding that abandonment requires a showing of non-use and intent to abandon and that the claimant bears a high burden of proof); *Prudential Ins. Co.*, 694 F.2d at 1156 (same).

Kellogg argues that Exxon abandoned its "bona fide" use of the cartoon tiger during the 1970s and 1980s, and that Exxon therefore may not rely on its use of the cartoon tiger mark prior to 1991 – when Exxon reintroduced the tiger to promote convenience store food and beverage sales – to support its affirmative defenses to Kellogg's infringement claims. Kellogg asserts that even if Exxon presented evidence to establish that its use of the cartoon tiger was fairly continuous, albeit regionally limited, throughout the 1980s, Exxon's use of its cartoon tiger in the 1980s was not "bona fide" but, rather, "made merely to reserve a right in [the] mark." 15 U.S.C. § 1127. *See Exxon Corp. v. Humble Exploration Co., Inc.*, 695 F.2d 96, 99-100 (5th Cir. 1983) (recognizing that sham use of a trademark – one instituted solely for the purposes of maintaining trademark rights – does not qualify as a "bona fide" use under the statute).

The district court held that Kellogg had failed to produce evidence of nonuse – the only element of abandonment that Exxon's motion for summary judgment addressed – and that Exxon was therefore entitled to summary judgment on Kellogg's abandonment claim. Our review of the record, however, persuades us that there remain for trial genuine issues of material fact with regard to whether Exxon's use of its cartoon tiger during the 1980s was bona fide or simply a sham to protect its rights in the mark. Because we have held as a matter of law that Kellogg did not acquiesce in Exxon's use of its cartoon tiger in connection with the sale of non-petroleum products, Kellogg's abandonment claim with regard to Exxon's affirmative defense of acquiescence is moot. But because the abandonment claim may yet be germane

to the issues remaining for trial, we conclude that the summary judgment in favor of Exxon on this claim must be reversed.

C. Kellogg's Remaining Claims

In granting Exxon's motion for summary judgment, the district court, in a footnote, dismissed Kellogg's remaining claims as moot:

> The dismissal of Kellogg's action renders moot the following pending motions: Exxon's renewed motion for partial summary judgment on Kellogg's state dilution claim; Exxon's motion for partial summary judgment on Kellogg's dilution by tarnishment claims; Exxon's motion for partial summary judgment on the issue of bad faith; and Exxon's motion for summary judgment on Kellogg's federal dilution claim.

The short shrift given to Kellogg's dilution claims ignores the fact that dilution rests on legal grounds entirely distinct from the law governing infringement. In granting Exxon's motion for summary judgment, the district court held that the connection between the products offered by Kellogg and those offered by Exxon and the respective marketing channels for those products were too attenuated for the parties to be considered competitors. However, the Lanham Act, as amended by the Federal Trademark Dilution Act of 1995, states:

> The term "dilution" means the lessening of the capacity of a famous mark to identify and distinguish goods and services, *regardless of the presence or absence of – (1) competition between the*

owner of the famous mark and other parties, or (2) likelihood of confusion, mistake or deception.

15 U.S.C. § 1127 (emphasis added).[4]

The federal cause of action for dilution is found in 15 U.S.C. § 1125(c) (1). For a plaintiff to succeed on a federal claim of dilution "(1) the senior mark must be famous; (2) it must be distinctive; (3) the junior use must be a commercial use in commerce; (4) it must begin after the senior mark has become famous; and (5) it must cause dilution of the distinctive quality of the senior mark." *Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 215 (2d Cir. 1999); *see also Syndicate Sales, Inc. v. Hampshire Paper Corp.*, 192 F.3d 633, No. 98-4217, 1999 WL 707786 at *5 (7th Cir. Sept. 13, 1999); *Ringling Bros.-Barnum & Bailey Combined Shows, Inc. v. Utah Div. of Travel Dev.*, 170 F.3d 449, 452 (4th Cir. 1999), *cert. denied*, 120 S.Ct. 286 (1999); *I.P. Lund Trading v. Kohler Co.*, 163 F.3d 27, 45-50 (1st Cir. 1998); *Panavision Int'l v. Toeppen*, 141 F.3d 1316, 1324 (9th Cir. 1998).

We hold that the district court's dismissal of Kellogg's dilution claims was improper. Because we hold that Kellogg's infringement claim is not in fact barred by acquiescence, we also hold that the district court's dismissal of Kellogg's bad faith infringement claim was improper.

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[4] The Tennessee statute controlling Kellogg's state dilution claim applies "notwithstanding the absence of competition between the parties or the absence of confusion as to the source of goods or services." TENN. CODE ANN. § 47-25-512 (1998).

CONCLUSION

Accordingly, we REVERSE the judgment of the district court granting summary judgment to Exxon on Kellogg's claims of infringement, dilution, and abandonment, we VACATE the grant of summary judgment to Exxon on Kellogg's claimed grounds of progressive encroachment, and REMAND the case for further proceedings consistent with this opinion.

Appendix B

DISTRICT COURT ORDER

IN THE UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF TENNESSEE
WESTERN DIVISION

KELLOGG COMPANY,

Plaintiff/Counter Defendant,

VS. No.96-3070 G/A

EXXON CORPORATION,

Defendant/Counter Plaintiff.

ORDER GRANTING EXXON'S MOTION FOR SUMMARY JUDGMENT ON LACHES AND ACQUIESCENCE, GRANTING EXXON'S MOTION FOR PARTIAL SUMMARY JUDGMENT ON KELLOGG'S CLAIM OF ABANDONMENT, AND RESOLVING OTHER PENDING MOTIONS

(Filed Aug. 31, 1998)

Before the court are various motions of defendant Exxon Corporation ("Exxon") seeking summary judgment and partial summary judgment on several bases against plaintiff Kellogg Company ("Kellogg"). Because the motion for summary judgment based on the doctrine of acquiescence and the motion for partial summary judgment on Kellogg's abandonment claim are dispositive of this entire case, this order focuses primarily on those motions. The order disposes, however, of Exxon's other motions based on mootness and disposes of Kellogg's motion to strike to the extent necessary.[1]

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[1] Kellogg moves to strike declarations, exhibits, and testimony submitted by Exxon in support of its motions for

Kellogg filed this action for trademark infringement, trademark dilution, and unfair competition on October 7, 1996, seeking to protect the name and image of its spokesman "Tony the Tiger" from injury due to Exxon's use of its advertising icon "Whimsical Tiger." Exxon responded and filed a counterclaim, seeking a declaration of its trademark rights pursuant to 15 U.S.C, § 1119 for use of the "Hungry Tiger & Design," "Tiger Express," and "Whimsical Tiger" marks for the promotion of Exxon's retail convenience stores.

In 1952, Kellogg began to use a cartoon tiger called "Tony the Tiger" in connection with the sale of Kellogg's Frosted Flakes cereal. (Kellogg Resp. 1st Set Int. #1). Kellogg registered the "Tony the Tiger" name and cartoon tiger illustration for use in connection with the sales of its products (Compl. Ex. B, U.S. Trademark Registration Nos. 1,151,162; 1,303,983; 1,069,018; 713,628). In 1959, Exxon created its own cartoon tiger spokesman, "Whimsical Tiger," to promote its petroleum products in its national "Put a Tiger in Your Tank" advertisement campaign, which ran between 1964 and 1968. (Exxon Ex. 1, Sennett Decl. at 1-2; Ex. F of Bennett Decl.; Exxon Answer, Exs.

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summary judgment. Kellogg argues that these documents are inadmissible because they either are nonprobative, improperly authenticated, or contain hearsay or improper opinions. The court finds, however, that consideration of Kellogg's motion to strike in its entirety is inappropriate at this time. *Cf. Morgan v. Sears, Roebuck & Co.*, 700 F. Supp. 1574, 1576 (N.D. Ga. 1988) (denying motion to strike because it was inappropriate vehicle by which to object to admissibility of affidavit evidence). The court will assess the admissibility of the testimony, declarations, and exhibits presented by Exxon, as necessary to rule on the merits of each of the summary judgment motions addressed in this order. The remainder of the motion to strike is moot.

A-C)[2] Kellogg admits that it was aware of Exxon's use of the cartoon tiger during the 1960's. (Kellogg Resp. Int. #38). In 1965, Exxon registered "Whimsical Tiger" with the United States Patent and Trademark Office, registration number 799,417, for use in connection with the sales of motor fuels. (Exxon Answer, Ex. A). The trademark was obtained without opposition from Kellogg. (Exxon Ex. 12, Kellogg Resp. Req. Admis. #61).[3] Exxon used the cartoon tiger on its premium grade gasoline pumps at its stations across the nation from the mid-1970's to the early 1980's. (Exxon Ex. 34, Peter Mantell Dep. at 179).[4] Since the 1960's, Exxon has used the cartoon tiger extensively in its general advertising and, as the many newspaper and magazine articles submitted into evidence by Exxon demonstrate, the cartoon tiger has become strongly identified with the Exxon name. (Exxon Exs. 16, 18-22, 64-66).

In 1968, Kellogg acknowledged Exxon's use of its cartoon tiger trademark when requesting that Exxon not oppose Kellogg's application for a trademark in Germany.

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[2] Richard Bennett was an employee in Exxon's advertising department from about 1940 until his retirement in 1982. (Ex. 1, Bennet Decl. at ¶ 2).

[3] Robert D. Rippe, Jr. is the trademark coordinator for Exxon's legal department. (Rippe Dep. at 9). Rippe has worked for Exxon since 1987. (*Id.*, at 10).

[4] Peter Mantell has been employed at Exxon for the past 27 years. (Mantell Dep. at 8). At the time of his deposition, he maintained the position of programs and projects manager for the Northeastern Region. (*Id.* at 11). In the 1980's, Mantell worked as an advertising coordinator and a communications coordinator for Exxon's marketing division. (*Id.* at 9-10).

(Exxon Ex. 15-A, Francis Clair Dep.; Exxon Ex 15-B).[5] Again in 1972, Exxon engaged its cartoon tiger in another national advertising campaign to promote the change of its company name from Esso to Exxon. (Exxon Ex. 12, Amendment Kellogg Resp. Req. Admix. #43). Throughout the latter half of the 1970's, Exxon again used its cartoon tiger in its national "Energy for a Strong America" campaign. (Exxon Ex. 22).

On May 22, 1972, Kellogg expressed its strong concern about Exxon's use of the tiger in a commercial format similar to an advertisement featuring "Tony the Tiger" airing at that time and objected generally to Exxon's use of the cartoon tiger. (Exxon Ex. 13, List Dep. at 54; Exxon Ex. 14, Letter from List to McCaffery). The record reflects that Kellogg did not object to Exxon's continued use of the tiger again until it entered into litigation with Exxon in Argentina and Canada in 1992. (Exxon Ex. 12, Kellogg Admission #61; Exxon. Ex. 13, David Herdman Dep, at 107).

In the 1980's, upon the recommendation of Exxon's advertising agency, McCann-Erickson, Exxon introduced and began extensive use of a live tiger in connection with its point-of-sale advertisements and general motor fuel sales. (Exxon Ex. 3, Ex. A Collins Dep. at 47;[6] Exxon Ex. 24, Stansilaus Dep. at 125). To enhance the impact of the new live tiger, Exxon opted to discontinue its use of the

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[5] Clair was employed as an attorney by Exxon from 1946 until her retirement in 1983. (Clair Decl. at 1).

[6] Jack Collins is senior Vice President at McCann-Erickson, where he has been involved in Exxon advertising since 1982. (Exxon Ex. 3, Collins Decl. at ¶ 2).

cartoon tiger in advertisements for its petroleum and related products, all point-of-sale advertising and company publications. (Exxon Ex. 24, Stansilaus Dep. at 82-83). Additionally, in 1981, Exxon began to modernize and redesign its service stations. (Exxon Ex. 34, Mantell Dep, at 179-80). The modernization program phased out the older gasoline pumps containing "pump skirts" and gasoline dispensers featuring the cartoon tiger and replaced them with modern dispensers without a cartoon tiger. (Exxon Ex. 31, Rawl Dep. at 78; Kellogg Ex. 1, Collins Dep. at 117). Peter Mantell, Exxon's Programs and Projects Coordinator for the Northeastern Region, attests that by 1991 Exxon had modernized 95% to 98% of its retail stations. (Exxon. Ex. 34, Mantell Dep. at 179).

Exxon contends that at no time did it intend to permanently discontinue use of the cartoon tiger and that Exxon retailers used the cartoon tiger to promote the sale of gasoline and related products throughout the 1980's and 1990's. In 1986, Exxon circulated memoranda suggesting mechanisms by which to secure the "Whimsical Tiger" trademark in light of the new focus on the live tiger in connection with petroleum sales. (Exxon Ex. 24, Stansilaus Dep. at 125). One such memorandum requested that Exxon dealers display pump toppers featuring the cartoon tiger fox 120 days. (Exxon Ex. 23, Adkins Dep. at 91; Stansilaus Dep. attach. letter April 3, 1986). In 1985, however, one year before the required display of the cartoon tiger, Exxon used the cartoon tiger on gasoline pump toppers in approximately 2500 locations nationwide. (Exxon Ex. 23, Stansilaus Dep. Ex. memo; Exxon Ex. 43, Mantell Dep. at 178). Additionally, Exxon continued to use "Whimsical Tiger" on a limited

regional basis by utilizing it in print advertising, maps, and in connection with national events such as the 1992 Republican National Convention in Houston, Texas and local events such as the Texas and California state fairs during the 1980's. (Exxon Exs. 27-30; Exxon Exs. 33-F, 33-L of Carter Decl.; Exxon Ex. 35, Pilz Dep. at 95). The cartoon tiger was featured in a "Color To Win" promotional campaign launched in about 300 Exxon stations in the Northeast in 1989 and from 1993 to 1995. (Exxon Ex. 25-A, Wilson Dep. at 22; Ex. D of Wilson Dep.). In 1982, Exxon spent $1.3 million on Cartoon tiger promotions in the southern interior and the West Coast. (Exxon Ex. 3-A, Collins Dep. at 30-32). Exxon retailers continued to use the cartoon tiger to promote the sale of car accessories between 1982 and 1985. *Id.* at 45).

In 1991, Exxon launched the "Win With the Tiger" and "Save With the Tiger" campaigns for which Exxon employed its tiger as a spokesperson appearing in television commercials, point-of-sale material at Exxon locations, and related scratchoff game cards. (Exxon Ex. 33-A, Carter Dep. at 80; Ex. 33-E). Kellogg did not object to Exxon's use of the cartoon tiger in this campaign. (Exxon Ex. 12, Kellogg Resp. 1st Req. Admis. #46). Articles regarding the "Save/Win" promotions appeared in *Adweek*, which Exxon describes as a "leading advertising industry trade journal." (Exxon Ex. 7, O'Day Dep. at 20, 123). Both Kellogg representatives and Kellogg's primary advertising agency, Leo Burnett Company, subscribed to *Adweek* in 1991. (Exxon Ex. 61, Nielsen Dep. at 63).

In the mid-1980's, Exxon expanded into the convenience store arena. As early as 1986, Exxon began to

distribute decals featuring the cartoon tiger and the slogan "Welcome to Tiger Mart" for display in its company operated stores ("CORS"). (Exxon Ex. 31, Rawl Dep. at 81; Exxon Ex. 38, Yokley Decl. Ex. A.; Exxon Ex. 39, Cole Decl. at 2; Exxon Ex. 10-A, Hudson Dep. Doc. No. EMK0034685).[7] Around 1991, Exxon decided that all of its future convenience stores would be called Tiger Marts. (Exxon Ex. 33-B, Carter 2d Dep. at 72). Prior to 1991, Exxon had not used its cartoon tiger in connection with the sale of food items. (*Id.* at 73).

In 1991, Exxon used the Tiger decal and name Tiger Mart on major exterior signs at a location in Houston. (Exxon Ex. 10-A, Hudson Dep. at 73). Shortly thereafter, Exxon opened six additional Tiger Mart stores bearing the "Whimsical Tiger" on its exterior signs in locations in Houston, Memphis, New York, Atlanta, and Richmond. (Exxon Ex. 10, Hudson Decl. at 2; Ex. 10-B of Hudson Decl.). To further promote the Tiger Mart stores, in 1991 Exxon distributed "Thirst Tamer" cups featuring the cartoon tiger. (Exxon Ex. 43, Bruse Dep. at 23-24). By 1993, Exxon had opened additional stores in the Baltimore/

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[7] Kellogg moves to strike the testimony of Tony Yokely and George Cole on the grounds of inadequate personal knowledge. Yokely and Cole are Territory Managers for Exxon's CORS. Yokely has supervised operations at Exxon's stations in Baton Rouge, Louisiana for the past fifteen years. (Ex. 38, Yokely Decl. at ¶ 2). Both Yokely and Cole attest to the fact that they installed Tiger Mart decals featuring the cartoon tiger pursuant to orders from Exxon, in 1986. (Yokely Dep. at ¶ 3; Cole Dep. at ¶ 3). Because both Yokely and Cole actually participated in the installation of the Tiger Mart decals at issue, the court finds no basis for Kellogg's motion to strike either Yokely or Coles's testimony.

Washington D.C. area, San Antonio, and Austin, bringing the national count to more than 60 Tiger Marts. (Exxon Ex. 10-A, Hudson Dep, at 123; Exxon Ex. 60, Ex. A of Radous Decl.). By 1996, Exxon had opened nearly 200 Tiger Mart or Tiger Express stores. (Ex. 60-A of Radous Decl.).

On January 24, 1994, Exxon filed an application with the United States Patent and Trademark Office for the registration of a new cartoon tiger service mark, "Hungry Tiger" for use in connection with its retail convenience stores. Kellogg filed its opposition to Exxon's application on July 24, 1996. The result is pending.[8]

On October 7, 1996, Kellogg filed the underlying action against Exxon for its use of the cartoon tiger alleging as counts one through four: federal law claims of trademark infringement, false designation of origin and false representation, and trademark dilution. Under Tennessee law, Kellogg alleges as counts five through seven: unfair competition by "palming off" and trademark infringement, unfair competition in violation of T.C.A.

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[8] This order addresses Exxon's use of the cartoon tiger characterized as "Whimsical Tiger." Although Kellogg mentions "Hungry Tiger" in its complaint to the extent that it seeks to have this court order Exxon to abandon its federal trademark application for the "Hungry Tiger" design, Kellogg does not appear to put Exxon's use of the "Hungry Tiger" at issue in either of the dispositive motions before the court. While the "Hungry Tiger" is stylistically different from "Whimsical Tiger," *see* Exxon Answer Exs. A, E, Exxon's creation and use of the "Hungry Tiger" is not determinative of Exxon's claims of laches and acquiescence or Kellogg's claim of abandonment or progressive encroachment.

§ 47-18-101 *et seq.* ("Tennessee Consumer Protection Act"), and trademark infringement and dilution. In count eight of its complaint Kellogg seeks declaratory relief pursuant to 28 U.S.C. §§ 2201, 2202, claiming that Exxon abandoned its cartoon tiger trademark. In addition, Kellogg seeks preliminary and permanent injunctive relief to prohibit Exxon from continued use of its cartoon tiger and requests that the court order the delivery and destruction of all Exxon items bearing the cartoon tiger image and that Exxon be required to abandon with prejudice its application for federal trademark registration of "Hungry Tiger & Design." Kellogg also asks for attorneys' fees and costs and any other relief deemed appropriate by the court.[9]

In its answer, Exxon asserts the equitable defenses of laches and acquiescence and now moves for summary judgment on all of Kellogg's claims on these theories. According to Exxon vice President of Marketing, James Carter, in reliance upon Kellogg's failure to oppose Exxon's registration of the "Whimsical Tiger" trademark

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[9] Kellogg initially sought punitive damages and actual damages for all profits derived by Exxon from its use of "Whimsical Tiger" in connection with the sale of food items. Its response to Exxon's motion for summary judgment on Kellogg's claims for actual and punitive damages, however, Kellogg withdrew its request for all such damages. Specifically, Kellogg no longer seeks actual damages, punitive damages under Tennessee law, or an accounting of profits as a measure of damages. (Kellogg's Resp. Exxon's Mot. Summ. J. Damages, at 1). Because Kellogg has voluntarily withdrawn its claims for damages, the court denies Exxon's motion for summary judgement on Kellogg's claims of actual and punitive damages, including accounting for profits, as moot.

and upon Kellogg's general lack of opposition to Exxon's continued use of the cartoon tiger since the 1960's, Exxon has spent millions of dollars on the advertisements and point-of-sale material featuring the cartoon tiger and has invested heavily in the development of Exxon's Tiger Marts and Tiger Express stores. (Exxon Ex. 33-A1, Canter Dep. at 109, 112, 114). For example, Carter explained that production of a single television advertisement in a 1991 advertising campaign typically cost $200,000. (*Id.* at 114). In addition, Carter contends that over the years Exxon, has lost several files and witnesses that can no longer testify. (*Id.* at 110, 112). At this point in time, Carter claims that to defend the present lawsuit Exxon is forced to rely primarily "on people's memories." (*Id.*)

Kellogg justifies its lack of opposition to use of the cartoon tiger through its claim that Exxon forfeited its trademark rights to the cartoon tiger by abandonment in the 1970's and 1980's. Further, Kellogg asserts that Exxon only recently encroached on Kellogg's rights with respect to Exxon's use of the cartoon tiger for the promotion of the Tiger Mart and Tiger Express convenience stores. Kellogg, therefore, contends that it did not have nor could it reasonably have had knowledge of Exxon's infringement prior to 1993.

The court first examines Exxon's affirmative defenses of laches and acquiescence and then turns to Kellogg's claims of abandonment and progressive encroachment. Consideration of these interrelated claims and defenses is dispositive of the case.

Appendix B: District Court Order

Summary judgment pursuant to Rule 56 of the Federal Rules of Civil Procedure is appropriate "if the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there is no genuine issue as to any material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. P. 56(c). The movant "bears the burden of clearly and convincingly establishing the nonexistence of any genuine issue of material fact, and the evidence as well as all inferences drawn therefrom must be read in a light most favorable to the party opposing the motion." *Kochins v. Linden-Alimak, Inc.*, 799 F.2d 1128, 1133 (6th Cir. 1986). When relying on an affirmative defense, a defendant faced with a summary judgment motion bears the same burden as the plaintiff against whom the defendant seeks summary judgment. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 249-50 (1980); *Calderone v. United States*, 799 F.2d 254, 259 (6th Cir. 1986) ("[W]here the moving party has the burden – the plaintiff on a claim for relief or the defendant on an affirmative defense – his showing must be sufficient for the court to hold that no reasonable trier of fact could find other than for the moving party.").

To meet this burden the non-moving party, plaintiff or defendant, must set forth specific facts showing that there is a genuine issue for trial. A genuine issue for trial exists if the evidence is such that a reasonable trier of fact could return a verdict for the non-moving party. *Anderson* 477 U.S. at 248. The non-movant must "do more than simply show that there is some meta-physical doubt as to the material facts." *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986). In short, the non-

moving party may not oppose a properly supported summary judgment motion by mere reliance on the pleadings. *Celotex Corp. v. Catrett*, 477 U.S. 317, 324 (1986). Instead, the non-moving party must present "concrete evidence supporting its claims." *Cloverdale Equip. v. Simon Aerials, Inc.*, 869 F.2d 934, 937 (6th Cir. 1989). Hearsay evidence must be disregarded. *Doe v. Elliott Travel & Tours. Inc.*, 942 F.2d 962, 968-69 (6th Cir. 1991).

The law provides that a plaintiff should bring suit as soon as that plaintiff knows or reasonably should have known of the alleged trademark infringement. Exxon invokes the doctrines of laches and acquiescence to prohibit Kellogg's trademark infringement claims against Exxon for its use of "Whimsical Tiger" generally and in connection with Exxon's Tiger Mart and Tiger Express stores.

Both laches and acquiescence require proof that the party enforcing its trademark rights has unreasonably delayed pursuing litigation and that the alleged infringer has been materially prejudiced by that delay. *Induct-o-matic Corp. v. Inductotherm Corp.*, 747 F.2d 358, 367 (6th Cir. 1984) (quoting *United States v. Wintraub*, 613 F.2d 612, 619 (6th Cir. 1979), *cert. denied*, 447 U.S. 905 (1980)); *SCI Systems, Inc. v. Solidstate Controls, Inc.*, 748 F.Supp. 1257, 1261 (S.D. Ohio 1990). The two doctrines differ to the extent that acquiescence is the intentional relinquishment of a party's trademark rights, while laches constitutes a negligent and unintentional failure to protect trademark rights. *Elvis Presley Enters, Inc. v. Elvisly Yours, Inc.*, 936 F.2d 889, 894 (6th Cir. 1991).

Initially, the court notes that laches, as utilized in this circuit, precludes a plaintiff from recovering damages for infringement that occurs prior to the filing of an action, but does not bar injunctive relief. *Tandy*, 769 F.2d at 366 n.2 ("[T]o deny injunctive relief in trademark litigation, however, some affirmative conduct in the nature of estoppel, or conduct amounting to 'virtual abandonment' is necessary.") (internal citations omitted); *Radio Corp. of America v. R.C.A. Rubber Co.*, 9 F.R.D. 343, 345 (N.D. Ohio 1949) (citing *McLean v. Fleming*, 96 U.S. 245 (1877) for the proposition that laches will bar a plaintiff from a "decree for gains and profits" but not from injunctive relief). Because Kellogg has withdrawn its claim for actual and punitive damages, including accounting for profits as a measure for such damages, *see supra* note 9, Exxon's defense of laches is inapplicable here.

As to Kellogg's remaining claim for injunctive relief, the court finds compelling the evidence introduced by Exxon to support its assertion of acquiescence by Kellogg. Acquiescence, though not synonymous with estoppel, embraces several of the elements of estoppel by requiring "a finding of conduct on the plaintiff's part that amounted to an assurance to the defendant, express or implied, that plaintiff would not assert his trademark *rights* against the defendant." *Elvis Presley Enterps.*, 936 F.2d at 894 (quoting *Sweetheart Plastics, Inc. v. Detroit Forming, Inc.*, 743 F.2d 1039, 1046 (4th Cir. 1984)). It is well-established in this circuit that the foreclosure of injunctive relief demands a showing of more than "mere silence on the part of a plaintiff; defendant must show

that it had been mislead by plaintiff through actual misrepresentations, affirmative acts of misconduct, intentional misleading silence, or conduct amounting to virtual abandonment of the trademark." *SCI*, 748 F. Supp. at 1262 (citing *TWM Mfg. Co., Inc. v. Dura Corp.*, 592 F.2d 346, 350 (6th Cir. 1979), *cert. denied*, 479 U.S. 852 (1986)). If, however, a plaintiff remains silent and refuses to facilitate the protection of its trademark right for a grossly extended period of time, that plaintiff's silence may give rise to a finding that the plaintiff effectively abandoned its exclusive rights to that trademark right. *See Anheuser-Busch, Inc. v. Du Bois Brewing Co.*, 175 F.2d 370, 374 (3rd Cir. 1949) (quoting *Consolidated Home Specialties Co. v. Plotkin*, 358 Pa. 14, 30 (Pa. 1948) for the proposition that "If the owner of a tradename acquiesces so long in the use of that name or in a name strikingly similar thereto that the public has in general become aware of the other's appropriation of that name and is therefore not deceived, such owner may in a proper case be treated as having abandoned his one-time property right in that name."), *cert. denied*, 339 U.S. 934 (1950).

In support of its defense of acquiescence, Exxon submits evidence to show that over the course of the thirty-two year period in which Exxon has possessed and used its cartoon tiger trademark,[10] Kellogg has only voiced its concerns about the shared use of the cartoon tiger on two occasions, both occurring in the 1970's, Kellogg did not

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[10] This reference accounts for the passage of time between 1964, Exxon's official date of first use as indicated on the trademark registration for its cartoon tiger, and 1996, the year in which Kellogg filed this action.

oppose Exxon's registration of "Whimsical Tiger" in connection with the sale of motor fuel, nor did Kellogg, until recently, demand that Exxon cease its use of the cartoon tiger. *See Tonka Corp. v. Rose Art Indus.*, 836 F. Supp. 200, 219 ("While a successful opposition only acts to prevent registration and not use, as a practical matter, it puts the defendant on notice that, at the least, the plaintiff is not going to 'sleep on its rights,' and indeed, in our view, goes even further and puts defendant on notice that the opposer also protests its use of the confusingly similar mark.") (quoting *Alfred Dunhill v. Kasser Distrib. Prod. Corp.*, 350 F. Supp. 1341, 1367 (E.D. Pa. 1972)). In other words, Kellogg has provided no evidence to indicate that Exxon was put on notice of Kellogg's strong disapproval of its general use of the cartoon tiger. Although Kellogg contends that it did voice its concerns to Exxon in conversations with its legal department in 1992 and brought legal actions for trademark infringement against Exxon in Canada and Argentina, these expressions of concern in the 1990's and in foreign countries fail to excuse the prior absence of opposition to Exxon's use of its cartoon tiger in the United States during the past three decades. While the court recognizes that inexcusable delay alone is insufficient for a finding of acquiescence, here Kellogg has been "grossly remiss" in failing to assert its rights. *See Anheuser-Busch*, 175 F.2d at 374 (finding "grossly remiss" the plaintiff's failure to voice its disapproval of the defendant's use of plaintiff's tradename over a thirty-one year period, such that the plaintiff was estopped from asserting its trademark rights against the defendant).

As to the second prong of the acquiescence claim, Exxon argues that it has been prejudiced by Kellogg's

delay in the filing of the present action. Specifically, Exxon contends that it has lost important documentary and testimonial evidence essential to the disposition of this case. For example, Exxon asserts that it has been unable to provide photographic evidence of its use of the cartoon tiger in connection with the sale of petroleum and related products during the 1980's because the photographic records of its Exxon stations taken during that period were destroyed in 1994.[11] This evidence is critical to refute Kellogg's assertion of abandonment and will be discussed *infra*, at 20. In addition, certain important Exxon witnesses have retired.

Exxon further asserts that acting in reliance on Kellogg's minimal and infrequent opposition to Exxon's use of the cartoon tiger, Exxon spent thirty-two years and millions of dollars promoting the image and good will of its cartoon tiger. The magazine articles, advertisement clippings and commercials featuring the cartoon tiger, spanning three decades, illustrate the strong public connection between the cartoon tiger and the Exxon name and the depth of Exxon's investment in its cartoon tiger.

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[11] *See* Wilson Dep. at 48-49, 96. The court refers to the photographic survey only as a part of deposition testimony demonstrating harm to Exxon caused by Kellogg's delay in pursuing litigation. The admissibility of these photographs is thus not at issue at this time. In addition, although Exxon may have been on notice of Kellogg's renewed opposition to Exxon's use of the cartoon tiger, because of Kellogg's litigation against Kellogg in Argentina and Canada in 1992, Exxon was not necessarily put on notice that it would be subject to suit in the United States or on what grounds such that Exxon should have known to keep its photographic records intact for an additional four years.

Exxon's reliance on Kellogg's long periods of silence clearly has resulted in prejudice to Exxon in both its investments in the cartoon tiger and in Exxon's inability to defend itself in this lawsuit. Thus, viewing the evidence in a light most favorable to Kellogg, the non-moving party, on this motion for summary judgment on the issue of acquiescence, the court finds that Exxon has met its dual burden of demonstrating unreasonable delay and prejudice caused by Kellogg's failure to bring suit in a timely manner, to such an extent that a reasonable trier of fact could not return a verdict for Kellogg on this issue.

The court's analysis of Exxon's acquiescence defense does not end the case, because Kellogg claims that Exxon abandoned its *bona fide* use of "Whimsical Tiger" during the late 1970's and 1980's. To prove abandonment pursuant to 15 U.S.C. § 1127, Kellogg must demonstrate both Exxon's nonuse of the cartoon tiger trademark and Exxon's intent to abandon that mark. *United States Jaycees v. Philadelphia Jaycees*, 639 F.2d 134, 138 (3rd Cir. 1981). Failure to use a trademark for three years establishes *prima facie* abandonment under 15 U.S.C. § 1127 that may be rebutted by "evidence explaining the nonuse or demonstrating the lack of an intent not to resume use." *Sands, Taylor & Wood Co. v. Quaker Oats, Co.*, 978 F.2d 947, 955 (7th Cir. 1992) (quoting *Roulo v. Ross Berrie & Co.*, 886 F.2d 931, 938 (7th Cir. 1989)), *cert. denied*, 507 U.S. 1042 (1993). The party asserting an abandonment claim, however, bears a high burden of proof. *See Citibank, N.A. v. Citibanc Group, Inc.*, 724 F.2d 1540, 1545 (11th Cir. 1984) (finding no intent to abandon where mark use was sporadic then "fairly continuous" and citing *American Foods Inc. v. Golden Flake, Inc.*, 312 F.2d 619, 625 (5th Cir. 1963)). *Accord*

Warner Bros. Inc. v. Gay Toys, Inc., 724 F.2d 327, 334 (2d Cir. 1983); *United States Jaycees v. Philadelphia Jaycees*, 639 F.2d 134, 139 (3rd Cir. 1981). Exxon moves for partial summary judgment on Kellogg's abandonment claim asserting that Kellogg has failed to establish "nonuse."

In order to establish "nonuse" in satisfaction of its abandonment claim, Kellogg must demonstrate that Exxon did not utilize the trademark in a manner "sufficient to maintain 'the public's identification of the mark with the proprietor.' " *Warner-Lambert Co. v. Schick U.S.A., Inc.*, 935 F. Supp. 130, 143 (D. Conn. 1996) (quoting *Stetson v. Howard D. Wolf & Assocs.*, 955 F.2d 847, 851 (2d Cir. 1992)). Rather, the use must be *bona fide*, as opposed to a sham use, instituted solely for the purposes of maintaining trademark rights. *Exxon Corp. v. Humble Exploration Co., Inc.*, 695 F.2d 96, 99-100 (5th Cir. 1983). Additionally, a finding of abandonment requires nonuse on a national, rather than a regional or local basis. *Dawn Donut Co. v. Hart Food Stores, Inc.*, 267 F.2d 358, 363 (2d Cir. 1959).

In considering a motion for summary judgment the court examines all of the evidence before it. In the present matter, Kellogg claims that Exxon abandoned its cartoon tiger by failing to use it in a *bona fide* manner, *i.e.*, for the sale of motor fuels, during the 1970's and 1980's. Exxon has introduced ample evidence that at the very least it maintained "fairly continuous" use of "Whimsical Tiger" in connection with its sale of petroleum and related products. Kellogg has admitted that it was aware of Exxon's use of the cartoon tiger in connection with the Exxon name change campaign in the early 1970's. In addition, Exxon has submitted evidence that it featured the cartoon

tiger in its national "Energy for a Strong America" campaign in the latter half of the 1970's. Throughout the 1970's and into the mid-1980's, prior to and during the modernization program, Exxon's gasoline pumps featured the cartoon tiger. Furthermore, the record demonstrates that throughout the 1980's Exxon featured the cartoon tiger in various national and local advertising campaigns, including state fairs, promotional games, and a political convention. Even though Exxon's use of the cartoon tiger may have been promoted on a regionally limited basis and may not have been directly in connection with the sale of motor fuel, the court cannot conclude that Exxon's use of the cartoon tiger was a sham instituted solely for the purposes of maintaining Exxon's trademark rights. Thus, even viewing the evidence in the light most favorable to Kellogg, the non-moving party, Exxon has introduced evidence sufficient to show its continuous *bona fide* use of its cartoon tiger trademark from 1964 to the present, such that Kellogg cannot establish the "nonuse" element of the abandonment claim as a matter of law. Accordingly, the court grants Exxon's motion for partial summary judgment on Kellogg's claim of abandonment.

Finding that Exxon did not abandon its mark, the court turns next to Kellogg's assertion of progressive encroachment.[12] Kellogg argues in its memorandum in opposition to Exxon's motion for summary judgment on

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[12] The court notes that a finding on Kellogg's behalf on the issue of progressive encroachment will prevent Exxon only from its continued use of the cartoon tiger in connection with its convenience stores.

laches and acquiescence that because Exxon changed its cartoon tiger's personality and image over time and only recently expanded into the convenience store market, Kellogg did not become fully aware of Exxon's trademark infringement until March of 1996. Kellogg claims that Exxon's entrance into the convenience store and food and beverage market places Exxon's cartoon tiger in a venue where the threat of harm to the "Tony the Tiger" trademark and the likelihood of confusion between the Kellogg and Exxon cartoon tigers is substantially increased. The doctrine of progressive encroachment precludes the application of acquiescence because "a course of progressive encroachment 'does not tend to arouse hostile action until fully developed.' " *SCI Systems, Inc. v. Solidstate Controls, Inc.*, 748 F. Supp. 1257, 1263 (S.D. Ohio 1990) (quoting *O. & W. Thum Co. v. Dickinson*, 245 F. 609, 623 (6th Cir.), *cert. denied*, 246 U.S. 664 (1917)).

In support of its position, Kellogg directs the court to the decision of the United States District Court for the Southern District of Ohio in *SCI v. Solidstate*. *Id.* In *SCI*, the plaintiff claimed that although it had been aware of the defendant's trademark infringement since 1969, the defendant had only "recently departed from the business practices which had allowed the parties to co-exist peaceably for many years, and that defendant has only recently encroached on plaintiff's rights." *Id.* at 1262. The parties in *SCI* were engaged initially in related businesses, the plaintiff sold electrical power supplies and related electrical products and the defendant manufactured and sold electrical power control equipment. The plaintiff, however, did not perceive a trademark violation until the defendant registered a trademark bearing the same mark

as the plaintiff and entered into the data processing market of which only plaintiff had been a member for several years. *Id.* The *SCI* court determined that "[c]hanges in a mark over the years and recent entry into the same marketing area can defeat a defense of laches." *Id.* (citing *Prudential Ins. Co. v. Gibralter Fin. Corp.*, 694 F.2d 1150, 1154 (9th Cir. 1982), *cert. denied*, 463 U.S. 1208 (1983)); *see also O & W Thum*, 245 F. at 623 (excusing plaintiff's delayed action in trademark infringement case where defendant progressively encroached on plaintiff's trademark rights, but recognizing that plaintiff's duty to take definitive action immediately when notified of the possible infringement).

The court finds that as Exxon does not compete directly with or has not entered into the same market area as Kellogg, Kellogg is not in a position to claim progressive encroachment to defeat Exxon's acquiescence claim. In the *SCI* decision, upon which Kellogg relies heavily, the plaintiff was required to show not only a change in the defendant's mark over time, but also that the defendant had recently entered plaintiff's marketing area. 748 F. Supp. at 1262 (citing *Prudential*, 694 F.2d at 1152). In *Prudential*, the United States Court of Appeals for the Ninth Circuit held that a plaintiff could not claim progressive encroachment where the defendant had not moved into direct competition with the plaintiff and the parties did not offer the same services "to any substantial extent and there is no evidence that actual confusion of their services has occurred." 694 F.2d at 1152. Indeed, the similarity of the parties' "product" and use of the same channels or markets to sell the product is critical for a

finding of progressive encroachment. *See Chandon Champagne Corp. v. San Marino Wine Corp.*, 335 F.2d 531, 533 (2d Cir. 1964) (producers of champagne); *The Standard Oil Co. v. Standard Oil Co.*, 252 F.2d 65, 69 (10th Cir. 1958) (competitors in the oil industry); *Independent Nail & Packaging Co. v. Stronghold Screw Prods.*, 205 F.2d 921, 924 (7th Cir. 1953) (nail manufacturers that "contact the same prospective customers through direct mail advertising, listing in trade magazines and in directories customarily used by purchasing agents"), *cert. denied*, 346 U.S. 886 (1953); *Dwinell-Wright Co. v. White House Milk Co.*, 132 F.2d 822, 823-24, (2d Cir. 1943) (competitors in milk industry).

Here, Kellogg claims that Exxon's departure from use of the cartoon tiger in connection with the sale of motor fuel and entrance into the convenience store business poses a new and unforeseen threat to Kellogg. Specifically, Kellogg asserts that because the convenience stores will sell food and beverage items, Exxon has moved into direct competition with Kellogg, a manufacturer of cereals. This assertion, however, is unfounded. Although Exxon has entered in the convenient market food sales arena, Exxon has not become a manufacturer or distributor of food items. Exxon's "product" is a retail convenience store engaged in the business of selling food on the premises of gasoline service stations. Kellogg's "product" for purposes of this case is cereal. Although, Exxon may sell Kellogg's cereal product in the Tiger Mart or Tiger Express stores, this fact alone does not establish that the parties are competitors in the same or even in a related market. Even if there is actual confusion between the Kellogg and Exxon cartoon tiger trademarks, the connection between the parties' products and marketing

channels for the sale of their products is too attenuated to support Kellogg's claim of progressive encroachment. The court, therefore, finds that Kellogg has failed to submit evidence of a fact issue regarding progressive encroachment sufficient to overcome this court's previous finding of acquiescence as a matter of law.

Exxon's motions for summary judgment based on acquiescence and for partial summary judgment based on a finding that Exxon did not abandon use of the cartoon tiger as a matter of law are granted. Other motions are resolved as indicated elsewhere in this order. Exxon's remaining motions for summary judgment are moot.[13]

IT IS SO ORDERED.

/s/ Julia Smith Gibbons
JULIA SMITH GIBBONS
UNITED STATES DISTRICT JUDGE

August 28, 1998
DATE

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[13] The dismissal of Kellogg's action renders moot the following pending motions: Exxon's renewed motion for partial summary judgment on Kellogg's state dilution claim; Exxon's motion for partial summary judgment on Kellogg's dilution by tarnishment claims; Exxon's motion for partial summary judgment on the issue of bad faith; and Exxon's motion for summary judgment on Kellogg's federal dilution claim.

Appendix C

ORDER DENYING REHEARING

98-6237/6360

UNITED STATES COURT OF APPEALS
FOR THE SIXTH CIRCUIT

KELLOGG COMPANY, Plaintiff-Appellant/ Cross-Appellee, v. EXXON CORPORATION, Defendant-Appellee/ Cross-Appellant.	)	(Filed May 16, 2000) ORDER

BEFORE: BATCHELDER and GILMAN, Circuit Judges; and HOOD,* District Judge.

The court having received a petition for rehearing en banc, and the petition having been circulated not only to the original panel members but also to all other active** judges of this court, and no judge of this court having requested a vote on the suggestion for rehearing en banc, the petition for rehearing has been referred to the original panel.

The panel has further reviewed the petition for rehearing and concludes that the issues raised in the petition were fully considered upon the original

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* Hon Denise Page Hood, United States District Judge for the Northern District of Michigan, sitting by designation.

** Judge Siler recused himself from participation in this ruling.

submission and decision of the cases. Accordingly, the petition is denied.

ENTERED BY ORDER
OF THE COURT

/s/ Leonard Green
Leonard Green, Clerk

Appendix D

STATUTORY PROVISIONS

Section 33 of the Trademark Act of 1946, as amended ("Lanham Act"), 15 U.S.C. § 1115, provides, in relevant part:

> (a) Any registration issued under the Act of March 3, 1881, or the Act of February 20, 1905, or of a mark registered on the principal register provided by this Act and owned by a party to an action shall be admissible in evidence and shall be prima facie evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce on or in connection with the goods or services specified in the registration subject to any conditions or limitations stated therein, but shall not preclude another person from proving any legal or equitable defense or defect, including those set forth in subsection (b), which might have been asserted if such mark had not been registered.
>
> (b) To the extent that the right to use the registered mark has become incontestable under section 15, the registration shall be conclusive evidence of the validity of the registered mark and of the registration of the mark, of the registrant's ownership of the mark, and of the registrant's exclusive right to use the registered mark in commerce. Such conclusive evidence shall relate to the exclusive right to use the mark on or in connection with the goods or services specified in the affidavit filed under the provisions of section 15, or in the renewal application filed

under the provisions of section 9 if the goods or services specified in the renewal are fewer in number, subject to any conditions or limitations in the registration or in such affidavit or renewal application. Such conclusive evidence of the right to use the registered mark shall be subject to proof of infringement as defined in section 32, and shall be subject to the following defenses or defects:

. . .

(9) That equitable principles, including laches, estoppel, and acquiescence, are applicable.

Section 34(a) of the Trademark Act of 1946, as amended ("Lanham Act"), 15 U.S.C. § 1116(a), provides, in relevant part:

The several courts vested with jurisdiction of civil actions arising under this Act shall have power to grant injunctions, according to the principles of equity and upon such terms as the court may deem reasonable, to prevent the violation of any right of the registrant of a mark registered in the Patent and Trademark Office or to prevent a violation under subsection (a), (c), or (d) of section 43. . . .

Appendix D: Statutory Provisions

Section 43(c)(1) of the Trademark Act of 1946, as amended ("Lanham Act"), 15 U.S.C. § 1125(c)(1), provides, in relevant part:

> The owner of a famous mark shall be entitled, subject to the principles of equity and upon such terms as the court deems reasonable, to an injunction against another person's commercial use in commerce of a mark or trade name, if such use begins after the mark has become famous and causes dilution of the distinctive quality of the mark, and to obtain such other relief as is provided in this subsection. . . .

Supreme Court, U.S.
FILED
SEP 14 2000
CLERK

(2)

No. 00-252

In The

Supreme Court of the United States

EXXON MOBIL CORPORATION,

Petitioner,

v.

KELLOGG COMPANY,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Sixth Circuit

BRIEF IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

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QUESTION PRESENTED FOR REVIEW

Petitioner Exxon Mobil Corporation intentionally discontinued use of its Cartoon Tiger for motor fuels in the 1980's, and thereby abandoned that mark. In the 1990's, Exxon re-introduced its Cartoon Tiger, and for the first time commenced using it to advertise and promote food products, beverage products and convenience stores. Kellogg Company thereafter objected to that use and sued Exxon for trademark infringement and dilution, seeking to enjoin Exxon's new uses of the Cartoon Tiger. Did the Court of Appeals err in ruling that Kellogg should not be precluded from seeking prospective injunctive relief barring Exxon's new uses of the Cartoon Tiger?

THE PARTIES

Kellogg Company ("Kellogg") is the Respondent in this action. Kellogg has no corporate parent, and no publicly held company owns 10% or more of Kellogg's stock.

The Petitioner in this action is Exxon Mobil Corporation, which will be referred to herein as "Exxon," as it is in the Petitioner's Petition for Writ of Certiorari and as it was in the proceedings below.

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I. STATEMENT OF THE CASE

The petition for writ of certiorari of Exxon Mobil Corporation ("Exxon") should be denied because (1) there is no intercircuit conflict on whether laches can bar injunctive relief in trademark cases, and Exxon's petition does not concern an unsettled area of law requiring clarification by this Court; and (2) unique factual issues are present in this case, rendering unnecessary an additional review by the Supreme Court.

II. STATEMENT OF FACTS.[1]

A. Kellogg's TONY THE TIGER® Is A Famous Trademark.

Kellogg first used its anthropomorphic cartoon tiger, TONY THE TIGER®, in 1952 in connection with its introduction of KELLOGG'S FROSTED FLAKES® cereal. Since 1953, TONY THE TIGER® has appeared on every box of KELLOGG'S FROSTED FLAKES® cereal, in every television and print advertisement for that product, and in all related promotional items. From 1952 to 1995, gross sales of KELLOGG'S FROSTED FLAKES® cereal in the United States totaled more than $5.3 billion and related television advertising, print advertising and promotional

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[1] The facts in this opposition are derived from the over-3000 page Joint Appendix submitted by the parties to the Court of Appeals, as well as from the unchallenged portions of the Court of Appeals' opinion.

expenditures exceeded $1 billion. Thus, several generations of consumers have experienced continuous, extensive exposure to TONY THE TIGER® through multiple marketing channels.[2]

Given the continuity and extent of Kellogg's use, advertising and promotion of TONY THE TIGER® for over 48 years, it is clear that TONY THE TIGER® is not only famous in the cereal and breakfast food market, but his fame and recognition permeate the entire food category. Indeed, TONY THE TIGER® is among a select group of food product characters that are instantly recognizable American icons.

B. Exxon's Abandonment Of The Cartoon Tiger In The 1980s.

Exxon first used its Cartoon Tiger in connection with its "Put a Tiger in Your Tank" advertising campaign in the mid-1960s to promote Exxon "Extra" gasoline. In 1965, Exxon obtained its only federal registration for the Cartoon Tiger (head design only), which registration is limited to "motor fuels." Exxon thereafter used the Cartoon Tiger intermittently in advertising and promotion,

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[2] For decades, Kellogg has featured TONY THE TIGER® on various promotional premium items, on cereal packaging with other third party food and beverage products such as fast foods, candy and gum, on Kellogg's licensed products (*e.g.*, hats, plush toys and coffee mugs) and other premium items. TONY THE TIGER® has also appeared for decades in costume at various Kellogg-related and other promotional events. Thus, consumers have become accustomed to seeing TONY THE TIGER® with food and beverage products other than cereal, and in non-food contexts as well.

and used the head design of the Cartoon Tiger on its premium grade gasoline pumps. After 1972, Exxon's use of the Cartoon Tiger to promote motor fuels began to decline, until the 1980s when it was discontinued and replaced with a live or realistic tiger.

Thus, although Kellogg was aware of Exxon's use of the Cartoon Tiger in the 1960s and early 1970s, that use so diminished over the ensuing 15-20 years that Kellogg reasonably believed that Exxon had abandoned the Cartoon Tiger altogether. Indeed, the Court of Appeals outlined Exxon's intentional efforts to discontinue use of the Cartoon Tiger in the 1980s, and the extensive evidence that any such use during the 1980s "was a sham to protect its rights in the mark." *See Kellogg Co. v. Exxon Corp.*, 209 F.3d 562, 565-66, 576 (6th Cir. 2000), Exxon Petition, Appendix A (hereinafter "App. A") at 3-7, 30. Given the record below, the Court of Appeals reversed the district court's grant of summary judgment on Kellogg's claim that Exxon abandoned the Cartoon Tiger during that time period.

C. Exxon's Reintroduction Of The Cartoon Tiger In The 1990s To Directly Promote Foods, Beverages and Convenience Stores.

During the 1990s, Exxon commenced using the Cartoon Tiger for the first time to promote food and beverage products, including its own private label coffee and other beverages. As the Court of Appeals acknowledged:

> "In the early 1990s, after the *Exxon Valdez* oil spill, Exxon changed the appearance of its cartoon tiger, making it 'more endearing, warm,

> and friendly.' In the words of Exxon's principal artist, 'Today's tiger is now cast in a more humanitarian role. He is polite to the elderly, plants trees for ecology and has an overall concern for the environment.' Exxon also began to expand the use of its cartoon tiger. Although Exxon had opened its first company-operated convenience store in 1984, it was not until the early 1990s that Exxon began to use its cartoon tiger to promote the sale in those stores of certain food and beverages, such as Domino's Pizza, Coca Cola, Pepsi Cola, Lays Potato Chips, and Dunkin Donuts. Exxon also began using its cartoon tiger to promote its own private label beverage, 'Wild Tiger,' and its own private label coffee, 'Bengal Traders.' " (209 F.3d at 566 (App. A. at 7).)

Thus, this case is not about "thirty years of peaceful coexistence," but about Exxon's abandonment of its Cartoon Tiger in the 1980s, and its reintroduction of a redrawn Cartoon Tiger in the 1990s in the new areas of food, beverages and convenience stores. Indeed, the record below supports Kellogg's argument concerning Exxon's bad faith infringement, namely, that Exxon, despite knowing of the similarities and the strong likelihood of consumer confusion between the two marks, actively and affirmatively misled Kellogg about its plans for the Cartoon Tiger. The Court of Appeals described the scheme as follows:

> "On November 3, 1992, having learned of Exxon's reintroduction of its cartoon tiger in Canada and Argentina, Kellogg's trademark counsel complained about that use in a telephone conversation with an Exxon attorney and

> was advised that Exxon had been using its cartoon tiger in the United States as well. Kellogg immediately requested examples of such use, and on November 20, 1992, Exxon sent Kellogg a compilation of 14 examples of promotional materials appearing in the United States featuring its cartoon tiger. *Not one of those examples disclosed Exxon's use of its cartoon tiger to promote food and beverage items or its new 'Tiger Mart' stores.*" (209 F.3d at 576, App. A at 8; emphasis added.)
>
> * * *
>
> "[T]he evidence suggests that in 1992, when Kellogg requested examples of Exxon's then-current use of its cartoon tiger in the United States, Exxon did not include a single example of its cartoon tiger used in connection with the sale of food items, *leading Kellogg to believe that Exxon's use of its cartoon tiger in the United States was limited to the promotion of petroleum products.*" (209 F.3d at 574 (App. A at 25-26); emphasis added.)

In light of the above facts and others discussed in section III.B. below, any analysis of the equities on the issue of Kellogg's alleged delay in bringing this suit strongly supports Kellogg's right to enjoin Exxon's ongoing infringement and dilution of Kellogg's TONY THE TIGER®.

III. REASONS FOR DENYING CERTIORARI.

A. The Sixth Circuit's Rules Applicable To Laches And Acquiescence In Trademark Cases Do Not Conflict With The Law Of Other Circuits, And Are Consistent With Previous Decisions Of This Court.

While the Sixth Circuit has articulated a general rule that "laches" does not bar injunctive relief, it has also articulated a general rule that "acquiescence" can bar injunctive relief. The conduct (or lack of conduct) on the part of plaintiffs which the Sixth Circuit has found to constitute "acquiescence" resembles that which other Circuits have found to constitute "laches" sufficient to bar injunctive relief. Essentially all circuit court analyses gauge the degree of delay, prejudice and other relevant conduct of the plaintiff in assessing whether equity warrants barring monetary relief, injunctive relief or both.

1. The Equitable Standard For Barring Injunctive Relief In The Sixth Circuit.

The Sixth Circuit has articulated the general rule that "laches" does not bar injunctive relief, but that "acquiescence" does. *See Kellogg*, 209 F.3d at 568-69, App. A at 12-13; *Elvis Presley Enterprises v. Elvisly Yours, Inc.*, 936 F.2d 889, 936 (6th Cir. 1991). While "both laches and acquiescence require proof that the party seeking to enforce its trademark rights has unreasonably delayed pursuing litigation and as a result, materially prejudiced the alleged infringer, acquiescence requires more." *Kellogg*, 209 F.3d at 569, App. A at 13.

In *Tandy Corp. v. Malone & Hyde, Inc.*, 769 F.2d 362, 366, fn. 2 (6th Cir. 1985), *cert. denied*, 476 U.S. 1158 (1986), the Sixth Circuit, relying upon Seventh Circuit and Third Circuit authority, found that conduct (or lack thereof) on part of plaintiffs which was sufficient to bar injunctive relief included "some affirmative conduct in the nature of an estoppel, . . . or conduct amounting to 'virtual abandonment'. . . . " Citations omitted. In *Elvis Presley Enterprises*, the Sixth Circuit – relying this time on Fourth Circuit authority – broadly defined "acquiescence" as requiring a " 'finding of conduct on the plaintiff's part that amounted to an assurance to the defendant, express or implied, that plaintiff would not assert his trademark rights against the defendant.' " 936 F.2d at 894.

This same principle was cited by the Court of Appeals in the case at bar. 209 F.3d at 569, App. A at 13. Thus, it is clear that in the Sixth Circuit, conduct sufficient to bar injunctive relief runs the gamut from lengthy inaction or implied assurance of non-action, to express assurance of non-action and misleading conduct. *See id.; see also TWM Mfg. Co., Inc. v. Dura Corp.*, 592 F.2d 346, 347, 349-350 (6th Cir. 1979).

2. The Equitable Standard For Barring Injunctive Relief In Other Circuits Is Consistent With That Of The Sixth Circuit.

Exxon has endeavored to portray the Sixth Circuit as a "rogue" circuit, applying an aberrational standard of delay-related estoppel sufficient to bar injunctive relief. Close examination of other circuits' decisions, however,

shows that the conduct (or lack of conduct) found sufficient to constitute "laches," "acquiescence" or an "estoppel" sufficient to bar prospective injunctive relief is essentially the same as the "acquiescence" standard articulated by the Sixth Circuit. In sum, the circuit courts are in harmony on this issue.

The Fourth Circuit's standard for "estoppel by laches" is very similar to that of the Sixth Circuit:

> "In a trademark case, courts may apply the doctrine of estoppel by laches to deny relief to a plaintiff who, though having knowledge of an infringement, has, to the detriment of the defendant, unreasonably delayed in seeking redress. . . .
>
> "However, the doctrine is sparingly applied where, as here, a plaintiff seeks only equitable relief. . . . Moreover, in consideration of the public interest, estoppel by laches may not be invoked to deny injunctive relief if it is apparent that the infringing use is likely to cause confusion." (*Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 460-463 (4th Cir.), *cert. denied*, 519 U.S. 976 (1996).)

In articulating this standard, the Fourth Circuit in *Sara Lee* recited Professor McCarthy's analysis as follows:

> "[Laches] cases involving the denial of injunctive relief usually present one or more aggravating factors causing the balance of equities . . . to shift even further to the defendant's advantage. These factors include (1) delay during which the mark passed into usage as a generic name, (2) a grossly long period of delay, (3) dubious proof of likelihood of confusion; (4) doubt as to the plaintiff's title to the mark; (5) prior business

> dealings between the parties that result in the plaintiff impliedly consenting to the defendant's infringement, and (6) the defendant's good faith development of a specific territorial area." (81 F.3d at 461 n.8.)

Accordingly, Professor McCarthy concludes that "a review of some of the cases in which an injunction was denied reveals that in most of them there were some *plus factors in addition to mere delay and resulting prejudice.*" 5 *McCarthy On Trademarks*, § 31:7 at 31-21 (4th ed. 2000) (emphasis added).

Thus, in the Fourth Circuit case that Exxon claims is "in tension" with the Court of Appeals' opinion here, *i.e.*, *Ambrosia Chocolate Co. v. Ambrosia Cake Bakery, Inc.*, 165 F.2d 693 (4th Cir.1947), *cert. denied*, 333 U.S. 882 (1948), the Court of Appeals encountered the fifth "plus factor." As the Fourth Circuit explained:

> "In *Ambrosia*, the chocolate company's sales representative tried to sell the bakery certain ingredients to be used in the manufacture of the latter's cakes. Afterward, the chocolatier's vice-president *sent a letter to the bakery, urging that the two companies transact business* and noting 'that the name 'Ambrosia' of your company was the same as ours increased our interest, you may be sure.' Eight years later, the chocolate company finally became interested enough to file suit seeking to enjoin the bakery from further use of the 'Ambrosia' trademark. The district court dismissed the complaint, and we affirmed, holding, *inter alia*, that the suit was barred by 'laches, acquiescence, and estoppel . . . ' " (*Sara Lee*, 81 F.3d at 461, n. 8; *quoting Ambrosia*, 165 F.2d at 694; emphasis added.)

The Seventh Circuit has long articulated standards for "laches" and "estoppel" similar to those of the Sixth Circuit. In *Seven-Up Co. v. O-So-Grape Co.*, 283 F.2d 103, 106 (7th Cir. 1960), *cert. denied*, 365 U.S. 869 (1961), the court stated that "[m]ere delay in bringing suit ordinarily does not affect the right to an injunction against further use of an infringed trademark. . . . Laches does not necessarily constitute a conclusive and automatic bar to injunctive relief in trademark actions. However, in many instances, the delay may be so prolonged and inexcusable that it would be inequitable to permit the plaintiff to seek injunctive relief as to future activities." In *Seven-Up*, the Seventh Circuit affirmed a denial of injunctive relief not only because of delay and prejudice, but a number of other equitable considerations.[3]

The Seventh Circuit continues to apply the same standard today. In *Hot Wax, Inc. v. Turtle Wax, Inc.*, 191 F.3d 813, 824 n.3 (7th Cir. 1999), that court acknowledged that "although laches may bar a plaintiff from recovering damages . . . 'upon a showing of infringement . . . the plaintiff may still be entitled to injunctive relief . . . '

---

[3] In *Seven-Up*, the plaintiff had originally sued the defendant in 1943 alleging that defendant's "Bubble Up" mark for soft drinks infringed its "7 Up" mark for soft drinks; abandoned that lawsuit in 1946 after adverse rulings in its separate infringement suit against use of the "Cheer Up" mark for soft drinks; and waited 13 years to re-file essentially the same lawsuit in 1959, during which time period the plaintiff and defendant frequently communicated on, among other topics, their joint desire that the term "Up" not become generic in the soft drink industry. 283 F.2d at 104-106.

because of the continuous nature of trademark infringement." Quoting *James Burrough, Ltd. v. Sign of Beefeater, Inc.* ("*James Burrough II*"), 572 F.2d 574, 578 (7th Cir.1978) (second ellipses in orig.). In *Hot Wax*, the defendant, a direct competitor of plaintiff, made the same allegedly false advertising claims with the plaintiff's knowledge for 20 years prior to any objection being made, and the plaintiff offered no explanation for its inactivity during that time period. 191 F.3d at 823-24.

The District of Columbia Circuit's application of its laches standard similarly requires something beyond mere delay and prejudice to bar injunctive relief. For example, in *N.A.A.C.P. v. N.A.A.C.P. Legal Defense & Educational Fund, Inc.*, 753 F.2d 131, 137-139 (D.C.Cir.), *cert. denied*, 472 U.S. 1021 (1985), the court barred the plaintiff's injunctive relief because (1) the plaintiff delayed for 13 years during which the defendant made substantial investment in the mark at issue; (2) it was "undisputed that the [plaintiff] had knowledge of the [defendant's] alleged infringement;" and (3) the defendant's use of the mark at issue resulted from the plaintiff's affirmative "conduct that *encouraged continued use of the trademark.*" Emphasis added.

The Third Circuit also recognizes a distinction between the type of "laches" that is sufficient to bar monetary relief, and that which is sufficient to bar all relief. In *University of Pittsburgh v. Champion Products Inc.*, 686 F.2d 1040, 1044-1045 (3d Cir.), *cert. denied*, 459 U.S. 1087 (1982), the Third Circuit explained this dual standard as follows:

> "In the trademark context, the concepts of 'mere delay' or 'laches without more,' although confusing as a matter of semantics . . . , are nonetheless relevant in two ways.
>
> "First, there is that narrow class of cases where the plaintiff's delay has been so outrageous, unreasonable and inexcusable as to constitute a virtual abandonment of its right. . . . Second, there is the much more common situation in which the plaintiff's less egregious delay will bar its claim for an accounting for past infringement but not for prospective injunctive relief."

The Third Circuit in *University of Pittsburgh* rejected the defendant's argument that the plaintiff's delay and prejudice to defendant barred the plaintiff's claims for injunctive relief; it did so on the grounds that the defendant progressively encroached upon plaintiff's rights, and that the detriment to defendant did not warrant denying prospective relief. *See* 686 F.2d at 1046, 1047-49.

The Fifth Circuit has articulated its standard as follows:

> "A finding of laches alone ordinarily will not bar the plaintiff's request for injunctive relief, although it typically will foreclose a demand for an accounting or damages . . . This is because courts construe the plaintiff's unreasonable delay to imply consent to the defendant's conduct, which amounts to nothing more than a revocable license; the license is revoked once the plaintiff objects to the defendant's infringement . . . In cases where the defendant actually relies upon the plaintiff's *affirmative act*, however, the fiction of implied consent is inapplicable and an injunction may not issue." (*Conan Properties, Inc.*

> *v. Conans Pizza, Inc.*, 752 F.2d 145, 152 (5th Cir. 1985) (emphasis added).

Thus, the Fifth Circuit, like the Sixth and others outlined above, ordinarily requires an "affirmative act" by the plaintiff upon which the defendant relies in order to bar injunctive relief.

In the Eleventh Circuit, the courts have applied a "flexible" standard of "laches," requiring a weighing of the equities and an assessment of the strength of the plaintiff's case. *See Kason Industries, Inc. v. Component Hardware Group, Inc.*, 120 F.3d 1199, 1207 (11th Cir. 1997). The Eleventh Circuit recently articulated its standard as follows:

> "Generally, laches will not bar an injunction against an intentional infringer. But it is not correct to state that cases of intentional infringement are the only cases where injunctive relief might be appropriate despite a plaintiff's delay. Instead, the equitable nature of estoppel by laches must be foremost in the court's mind. Thus, if the likelihood of confusion is inevitable, or so strong as to outweigh the effect of the plaintiff's delay in bringing a suit, a court may in its discretion grant injunctive relief, even in cases where a suit for damages is appropriately barred . . . The district court must weigh the equities of the case and the strength of [plaintiff's] case when determining whether injunctive relief is appropriate. This issue will 'require a careful, fact-intensive consideration,' and thus we 'leave it for the district court and its informed discretion on remand.' " (*Id.* at 1207 (*quoting SunAmerica Corp. v. Sun Life Assur. Co. of Canada*, 77 F.3d 1325, 1346 (11th Cir. 1996)).)

In *Conagra, Inc. v. Singleton*, 743 F.2d 1508, 1517 (11th Cir. 1984), a case cited by Exxon for the proposition that the Eleventh Circuit is in "direct conflict" with the Sixth Circuit, the Court first rejected the defendant's laches claim as applied to one mark because the plaintiff did not become aware of defendant's direct competition until after the lawsuit commenced. 743 F.2d at 1517. With regard to a separate mark, the Eleventh Circuit remanded for a determination of whether laches barred all relief on the grounds that the plaintiff had delayed suit for 10 years, had engaged in acts of "encouragement in the form of sales to the defendant," provided "no justification" for its delay, and caused some undetermined amount of prejudice to the defendant. *Id.* at 1517-18. Thus, like the Sixth Circuit, the Eleventh Circuit relied upon affirmative acts by the plaintiff and a failure to explain the delay in remanding for an assessment of whether laches should bar injunctive relief.

Exxon cites cases in the Second and Ninth Circuit as being in "clearest conflict" with the Sixth Circuit. However, a close review of those "laches" decisions discloses conduct, or a lack thereof, and other facts which bear a close resemblance to the "acquiescence" standard articulated by the Sixth Circuit. For example, in *Saratoga Vichy Spring Co. v. Lehmann*, 625 F.2d 1037, 1041-42 (2d Cir. 1980), the court barred the plaintiff's claim for injunctive relief where the plaintiff delayed *69 years* in bringing suit and *encouraged the defendant's use* of the mark in correspondence. Thus, *Saratoga* involved a grossly long period of delay and affirmative acts of implied, if not actual, consent.

In *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 494 (2d Cir.), *cert. denied*, 368 U.S. 820 (1961), the district court had dismissed the plaintiff's claims after a bench trial on the grounds that plaintiff failed to prove infringement, as well as on laches grounds. *See Polaroid Corp. v. Polarad Electronics Corp.*, 182 F.Supp. 350, 352-55 (E.D.N.Y. 1960). Thus, in addition, to the fact that the defendant used the mark at issue continuously for 11 years with plaintiff's knowledge, the Second Circuit acknowledged the weakness of the plaintiff's claim on likely confusion. *See Polaroid*, 287 F.2d at 495. Other Second Circuit decisions barring injunctive relief on laches grounds also involve elements of the Sixth Circuit's "acquiescence" standard. *See Dwinnel-Wright Co. v. White House Milk Co.*, 132 F.2d 822, 824, 825 (2d Cir. 1943) (20-year delay during which the plaintiff sold products to defendant, suggested a joint venture with the defendant, and contributed to the joint advertising of the marks at issue, amounting to "plaintiff's implied assurance" that it had no grievance).

In determining whether "laches" may bar injunctive relief, the Ninth Circuit applies a flexible balancing test which:

> "requires the district court to consider a variety of factors, including (1) the strength and value of the trademark rights asserted; (2) the senior user's diligence in enforcing the mark; (3) the harm to the senior user if relief is denied; (4) whether the junior user acted in good faith ignorance of the senior's rights; (5) the degree of competition between senior and junior users; and (6) the extent of harm suffered by the junior

> user because of the senior user's delay in asserting his rights. (*American Intern. Group, Inc. v. American Intern. Bank*, 926 F.2d 829, 831 (9th Cir. 1991); *citing E-Systems, Inc. v. Monitek, Inc.*, 720 F.2d 604, 607 (9th Cir. 1983).

In addition, Ninth Circuit decisions, as well as those of other circuits, recognize that while "laches" may bar injunctive relief, "no laches will be found where the defendant's interference with plaintiff's rights is minimal or inconsequential . . . , [or] where the defendant's encroachment is steady but slow." *Carter-Wallace, Inc. v. Procter & Gamble Co.*, 434 F.2d 794, 804, fn. 4 (9th Cir. 1970); *accord, Brookfield Communications, Inc. v. West Coast Entertainment Corp.*, 174 F.3d 1036, 1060 (9th Cir. 1999).

In *Prudential Ins. Co. v. Gibraltar Financial Corp.*, 694 F.2d 1150, 1153-55 (9th Cir. 1982), *cert. denied*, 463 U.S. 1208 (1983), the Ninth Circuit barred the plaintiff's claim for injunctive relief on a number of grounds which go beyond mere delay and prejudice. Not only did the plaintiff delay bringing suit for 28 years, but the court also rejected plaintiff's claim that defendant had altered its mark to more closely resemble that of the plaintiff, and found that the plaintiff's survey evidence "failed to show any confusion." *Prudential*, 694 F.2d at 1156.

Thus, all circuits will bar injunctive relief in trademark cases where the plaintiff has delayed in bringing suit, the defendant has detrimentally relied upon that delay, and a weighing and balancing of the facts and equities warrant such a ruling. While the label which the circuits have applied to this analysis has differed (*e.g.*, "laches," "estoppel" or "acquiescence"), there has been little or no difference in the equitable application of the

rule. As a result, the "question presented" by Exxon's petition, therefore, is nothing more than whether the Sixth Circuit should be required to use the word "laches" instead of "acquiescence" in deciding whether to bar injunctive relief. This semantical issue is unworthy of Supreme Court review.[4]

Because the Circuits' decisions on laches and acquiescence are not in conflict, Exxon's "forum shopping" and "national uniformity" arguments lack merit, and provide no basis for granting certiorari here. Indeed, this case was filed nearly four years ago, and a grant of certiorari will only serve to further delay a trial on the merits. Kellogg has established its entitlement to such a trial, and the interests of judicial economy and fairness warrant a denial of certiorari here.

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[4] Exxon's further argument that the Court of Appeals' decision is inconsistent with prior decisions of this Court is wrong. *McLean v. Fleming*, 96 U.S. 245, 253 (1877) and *Menendez v. Holt*, 128 U.S. 514, 523-24 (1888) established the general rules that delay in seeking relief ordinarily will not bar injunctive relief; that under certain circumstances (such as long delay or acts of encouragement), monetary or injunctive relief may be limited or barred; and that in the case of a knowing and intentional infringement, laches will not bar injunctive relief. In *Creswill v. Grand Lodge Knights of Pythias of Georgia*, 225 U.S. 246, 262-63 (1912), this Court found that under the facts and equities of that case, including 25 years of delay, no evidence of confusion, and no evidence of knowing infringement or harm to the plaintiff, no injunctive relief should be ordered. These cases, like those in the Sixth Circuit and other circuits, recognize that under certain situations, laches or acquiescence may bar injunctive relief. The Court of Appeals ruled here, however, that no such circumstances were present in this case.

B. This Case Is Unsuitable For Resolving Any Purported Conflict Among The Circuits Due To Its Unique Facts.

Given the unique factual record in this case, no form of estoppel, whether it is called laches or acquiescence, should bar, as a matter of law, Kellogg's claims for prospective injunctive relief. A number of key findings and rulings by the Court of Appeals in this case – none of which are challenged by Exxon here – establish this point.

First, in its petition, Exxon clings to the district court's erroneous analysis by framing the issue before this Court as whether laches is available where Exxon allegedly "used its Cartoon Tiger for over thirty years" in connection with unrelated goods before Kellogg filed suit. The Court of Appeals' ruling, however, hinged on the district court's erroneous measurement of delay from the 1960s. *See* 209 F.3d at 573, App. A at 24-25. In analyzing the factual record, the Court of Appeals ruled that the district court should have measured delay from the point at which Exxon began to use its Cartoon Tiger in connection with the sale of food, beverages and retail convenience stores, i.e., in either the 1980's or 1990s, a point about which the Court of Appeals found there were genuine issues of material fact. *Id.*

Exxon therefore cannot establish that there is no genuine issue of material fact on the first element of laches and acquiescence, i.e., unreasonable delay, and further analysis of this issue by this Court is unwarranted. This Court should decline Exxon's invitation to undertake a detailed review of the factual record below.

Second, the Court of Appeals ruled that there were genuine issues of material fact as to whether Exxon abandoned use of its Cartoon Tiger during the 1980s. Such a disputed factual issue eliminates Exxon's argument that the alleged "thirty years of peaceful coexistence" warrants Supreme Court review of whether laches is available to foreclose injunctive relief here.

It also strongly supports Kellogg's argument that it reasonably believed Exxon had abandoned the Cartoon Tiger altogether in the 1980s. Obviously, delay cannot be measured from the 1960s, 1970s or 1980s, when there are fact issues as to whether Exxon abandoned the Cartoon Tiger during the latter decade and as to Kellogg's knowledge of Exxon's use of the Cartoon Tiger.

Third, even assuming this Court were to review whether there were genuine issues of material fact on the reasonableness of Kellogg's alleged delay, Exxon would still have to overcome the unique facts applicable to (1) Kellogg's progressive encroachment argument (see *Kellogg*, 209 F.3d at 566-567, 573-575, App. A. at 8-9, 22-29.), and (2) Kellogg's other arguments that the equities strongly favor rejection of any laches defense.

The Court of Appeals, like many other circuits, recognized that any alleged delay by a plaintiff is excused where "the nature of defendant's infringement is such that the plaintiff's claim has yet to ripen into one sufficiently colorable to justify litigation." 209 F.3d at 570, App. A at 16. In order to fully address the laches issue, therefore, this Court would have to resolve Kellogg's progressive encroachment claim by "perform[ing] a likelihood of confusion analysis," including a fact-intensive

assessment of all factors relevant to that determination. *See Kellogg*, 209 F.3d at 573.

On the record below, there is a strong likelihood of confusion caused by Exxon's use of the Cartoon Tiger to promote food, beverages and convenience stores. For example, there is no disputing that very few, if any, character marks in the food category (or any category of consumer goods) have attained the level of fame and notoriety of TONY THE TIGER®. The strength of Kellogg's mark, coupled with Kellogg's proof of consumer confusion[5], strongly support a finding of a likelihood of confusion here. Thus, not only does Exxon face a strong claim for progressive encroachment, but the equities weigh against any application of laches or acquiescence as a bar to injunctive relief.[6]

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[5] Kellogg's confusion surveys showed that approximately 25 percent of convenience store consumers believed that a beverage cup featuring the Exxon Cartoon Tiger had been sponsored or promoted by Kellogg based upon the appearance of the Cartoon Tiger on the cup. Such a showing is strongly probative of likely confusion. *See James Burrough, Ltd. v. Sign of Beefeater, Inc.* (*"James Burrough I"*), 540 F.2d 266, 278-279 (7th Cir. 1976). In addition, Exxon's own consumer research, conducted in 1993, showed that the new use of the Cartoon Tiger on convenience food store signs was confusing with TONY THE TIGER®. Finally, Kellogg also has evidence of actual confusion.

[6] *See Resorts of Pinehurst, Inc. v. Pinehurst Nat. Corp.*, 148 F.3d 417, 423 (4th Cir.), *cert. denied*, 525 U.S. 1051 (1998) (plaintiff's "strong proof of likelihood of confusion – indeed, actual confusion – trumps the defenses of laches and acquiescence"); *Kason Industries, Inc. v. Component Hardware Group, Inc.*, 120 F.3d 1199, 1207 (11th Cir. 1997) ("the equitable nature of estoppel by laches must be foremost in the court's mind. Thus, if the likelihood of confusion is inevitable, or so

On the issue of Exxon's intentional infringement, the Court of Appeals ruled that the district court's failure to assess whether there were genuine issues of material fact on the issue of bad faith infringement by Exxon was erroneous. 209 F.3d at 577, App. A at 32. This is especially important given the well-established equitable principle that laches is no defense to an intentional infringement.[7]

On the district court record, it is undisputed that Exxon was aware of Kellogg's TONY THE TIGER® when

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strong as to outweigh the effect of the plaintiff's delay in bringing a suit, a court may in its discretion grant injunctive relief, even in cases where a suit for damages is appropriately barred"); *Restatement (Third) of Unfair Competition* § 31, cmt. e (1995) ("because of the public interest in preventing the deception of consumers, delay by the trademark owner will not ordinarily disable it from obtaining an injunction if there is strong evidence of likely or actual confusion").

[7] *See Induct-O-Matic Corp. v. Inductotherm Corp.*, 747 F.2d 358, 362 (6th Cir. 1984) ("a party claiming the benefit of an equitable estoppel must have proceeded with the utmost good faith"); *Harlequin Enterprises Ltd. v. Gulf & Western Corp.*, 644 F.2d 946, 950 (2d Cir. 1981) ("laches is not a defense against injunctive relief when the defendant intended the infringement"); *Grove Laboratories v. Brewer & Co.*, 103 F.2d 175, 185 (1st Cir. 1939) ("As to laches and acquiescence, it has been repeatedly held, in cases where defendants acted fraudulently or with knowledge of plaintiffs' rights, that relief by injunction would be accorded although an accounting of profits should be denied."); *Restatement (Third) of Unfair Competition* § 31, cmt. e (1995) ("Evidence establishing that the defendant intended to capitalize on the good will of the trademark owner through confusion is generally sufficient to overcome a laches claim raised against a request for injunctive relief. The intent to deceive not only undermines the defendant's claim to equity but also is evidence that an injunction is necessary to prevent the confusion of prospective purchasers.").

it reintroduced the Cartoon Tiger in the 1990s. In addition, as outlined above, the Court of Appeals found that when Exxon reintroduced its Cartoon Tiger in the 1990s, it did so in a revised form which Kellogg contended brought it closer in appearance and personality to TONY THE TIGER®. Exxon then proceeded to use the Cartoon Tiger to promote its convenience stores, even though its own research showed that consumers identified the Cartoon Tiger as TONY THE TIGER®. Exxon's bad faith is further exemplified by the Court of Appeals' finding that Exxon misled Kellogg in 1992 with regard to Exxon's use of the Cartoon Tiger to promote foods, beverages and convenience stores. *See* § II.C., *supra*.

Given the unique facts outlined above, it is clear that this case neither "squarely," "cleanly" nor "directly" raises any issue on laches, acquiescence or estoppel. The facts pertaining to Exxon's abandonment of the Cartoon Tiger, Exxon's progressive encroachment and new use of the Cartoon Tiger with foods, beverages and convenience stores, the strong likelihood of confusion and Exxon's bad faith strongly tip the equities against any application of laches, acquiescence or estoppel, and provide no opportunity to clarify any alleged conflict among the circuits.

Indeed, given the invariably fact-intensive and equitable nature of the vast majority of decisions addressing laches or acquiescence, any effort by this Court to craft a "one size fits all" standard on this equitable issue will serve no useful purpose. Moreover, on the record present here, it is clear that the Court of Appeals correctly ruled that, as a matter of law, Kellogg did not acquiesce in Exxon's use of the Cartoon Tiger to promote foods, beverages and convenience stores. Thus, it is clear that the

District Court granted summary judgment improvidently, and that review of the Court of Appeals' reversal of that ruling is unwarranted.

IV. CONCLUSION.

For all of the above reasons, Exxon's petition for writ of certiorari should be denied.

Respectfully submitted,

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No. 00-252

In The

Supreme Court of the United States

EXXON MOBIL CORPORATION,

Petitioner,

v.

KELLOGG COMPANY,

Respondent.

On Petition For Writ Of Certiorari To The United States Court Of Appeals For The Sixth Circuit

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REPLY BRIEF FOR PETITIONER

Respondent Kellogg does not dispute that laches is an important issue in trademark litigation. *See* Petition for Writ of Certiorari ("Pet.") at 14-15. Nor does it dispute the need for consistency among the circuits to discourage forum shopping and promote the legislative goal of national uniformity in trademark law.[1] *See* Pet. at 15-17. It instead seeks to distract the Court from these issues by mischaracterizing the question raised in the petition.

The decision below did not hold that Exxon's laches defense fails on its merits. The Sixth Circuit has instead established a bright-line rule prohibiting a district court from considering a laches defense to a claim for injunctive relief in a trademark case. Exxon does not ask this Court to hold that it is entitled to succeed on its laches defense. Exxon instead seeks a ruling that the equitable defense of laches is available to bar injunctive relief in a trademark case, thus enabling the district court to decide the merits of the laches defense on remand.

When the Court focuses on the question actually presented, it is clear that the decision below conflicts with the law of other circuits and is inconsistent with previous decisions of this Court. It is also clear that the case offers

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[1] Kellogg argues that "Exxon's 'forum shopping' and 'national uniformity' arguments lack merit" solely because Kellogg does not see the intercircuit conflict on this issue. *See* Brief in Opposition to Petition for Writ of Certiorari ("Br. Opp.") at 17. Kellogg does not dispute that if there is a circuit split, it undermines the Congressional goal of uniformity in federal trademark law and presents an important issue that this Court should resolve.

an ideal vehicle for this Court to resolve an important issue in federal trademark law.

I. The Decision Below Conflicts with the Law of Other Circuits and Is Inconsistent with Previous Decisions of this Court

Kellogg attempts to reconcile the Sixth Circuit rule – that laches "does not bar injunctive relief" and is "inapplicable" when a plaintiff seeks only injunctive relief – with holdings in other circuits recognizing laches as an available defense against claims for injunctive relief. Kellogg contends the standard is really the same in all the circuits, but that the Sixth Circuit uses the term "acquiescence" to describe what other circuits call "laches."

There are a number of flaws in Kellogg's argument. The most obvious is that the Sixth Circuit plainly knows the difference between laches and acquiescence: "[L]aches and acquiescence are not the same. Laches is a negligent and unintentional failure to protect one's rights while acquiescence is intentional." *Elvis Presley Enter., Inc. v. Elvisly Yours, Inc.*, 936 F.2d 889, 894 (6th Cir. 1991). In the decision below, the Sixth Circuit similarly noted that while both laches and acquiescence require an unreasonable delay that materially prejudices the alleged infringer, "acquiescence requires more." *Kellogg Co. v. Exxon Corp.*, 209 F.3d 562, 569 (6th Cir. 2000), Pet. App. A at 13. Nor are the Sixth Circuit's definitions of these terms out of line with other circuits. *See, e.g., id.* at 569, Pet. App. A at 13-14 (quoting *Sara Lee Corp. v. Kayser-Roth Corp.*, 81 F.3d 455, 462 (4th Cir. 1996), for the proposition that "acquiescence implies active consent, while laches implies merely

a passive consent"). It is in applying the doctrines of laches and acquiescence, not in defining the terms, that the Sixth Circuit departs from the majority rule.

When a district court in another circuit considers a laches defense and weighs the equities, even if it grants an injunction, it acts differently than a Sixth Circuit district court, which cannot even consider the equities. The cases cited by Kellogg illustrate this point. For example, Kellogg quotes from *Kason Industries, Inc. v. Component Hardware Group, Inc.*, 120 F.3d 1199 (11th Cir. 1997). Br. Opp. at 13. *Kason* emphasizes that in evaluating whether a laches defense will bar an injunction, a "district court must weigh the equities" and exercise its "informed discretion." That is precisely Exxon's point, and that is precisely what the Sixth Circuit prohibits its district courts from doing.[2] Kellogg cites *Seven-Up Co. v. O-So-Grape Co.*, 283 F.2d 103 (7th Cir. 1960), for the proposition that laches does not "*necessarily* constitute a *conclusive* and *automatic* bar to injunctive relief in trademark actions." Br. Opp. at 10 (emphasis added). As Kellogg notes, such a standard recognizes the "equitable considerations" involved in determining whether laches will bar an injunction. *See* Br. Opp. at 10. Kellogg also cites the "flexible balancing test"

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[2] The fallacy of Kellogg's argument is illuminated by its conclusion that "all circuits will bar injunctive relief in trademark cases where the plaintiff has delayed in bringing suit, the defendant has detrimentally relied upon that delay, and a weighing and balancing of the facts and equities warrant such a ruling." Br. Opp. at 16. While such a statement may describe the law of this Court and every circuit but the Sixth, a district court in the Sixth Circuit will never get to the "weighing and balancing of the facts and equities" under a laches analysis.

that the Ninth Circuit uses in determining whether laches will bar injunctive relief,[3] Br. Opp. at 15-16, which further confirms the inappropriateness of the Sixth Circuit's inflexible rule that prohibits a district court from performing such a balancing test.

These cases are not inconsistent with Exxon's argument. Rather, they make the point that when the elements of the equitable defense of laches are present, a district court must be free to balance the equities and determine whether to grant or deny injunctive relief. The Sixth Circuit's bright-line rule precludes any consideration of the merits or weighing of the equities, and cannot be reconciled with the law of other circuits.[4]

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[3] Significantly, of the six factors the Ninth Circuit considers in this balancing test, none requires affirmative conduct by the plaintiff or a particularly long delay. *See* Br. Opp. at 15-16 (quoting *American Int'l Group, Inc. v. American Int'l Bank*, 926 F.2d 829, 831 (9th Cir. 1991)). The Ninth Circuit in *American Int'l Group* also reiterated that under "the current body of law in this circuit, . . . laches may bar injunctive relief in trademark actions." 926 F.2d at 833.

[4] The Sixth Circuit's rule that a court may find acquiescence, and thus deny injunctive relief, in extreme cases of long delay amounting to "virtual abandonment," does not bring it into step with the other circuits. The court below held that a twelve-year delay is insufficient as a matter of law to constitute "virtual abandonment." *See* Pet. at 18 n. 14; 209 F.3d at 574, Pet. App. A at 26. Other circuit courts have found similar, and even much shorter, delays (with resulting prejudice to the defendant) sufficient to bar injunctive relief under the doctrine of laches. *See, e.g., Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187, 190, 192-93 (2d Cir. 1996) (five years); *E-Systems, Inc. v. Monitek, Inc.*, 720 F.2d 604, 607-08 (9th Cir. 1983) (six years); *Armco, Inc. v. Armco Burglar Alarm Co.*, 693 F.2d 1155, 1161-62 (5th Cir. 1982) (six years); *Ambrosia Chocolate Co. v. Ambrosia Cake Bakery, Inc.*,

Kellogg tries to bolster its argument by attempting to equate the Sixth Circuit's requirement of acquiescence with the "plus factors" that Professor McCarthy notes are often present in cases in which laches has barred injunctive relief.[5] *See* Br. Opp. at 7-9. Professor McCarthy has created this list of "plus factors" as an analytical framework to help explain the decided cases. The cases do not *require* any of these factors for a laches defense to bar injunctive relief, however, and Professor McCarthy himself notes that a number of cases denying an injunction based on laches do not involve "plus factors." *See* 5 J.T. McCarthy, McCarthy on Trademarks and Unfair Competition, § 31:8 at 31:24-25 and n.1 (4th ed. 1996) (collecting cases). Nor is Professor McCarthy's list of such cases exhaustive; other cases with no "plus factors" also recognize that laches may bar injunctive relief. *See, e.g., Armco,*

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165 F.2d 693, 695 (4th Cir. 1947) (eight years); *Landers, Frary & Clark v. Universal Cooler Corp.*, 85 F.2d 46, 49 (2d Cir. 1936) (eight years); *Hubbard Feeds, Inc. v. Animal Feed Supplement, Inc.*, 182 F.3d 598, 603 (8th Cir. 1999) (nine years, finding also that "a delay of over four years is sufficient for laches"); *NAACP v. NAACP Legal Defense & Educ. Fund*, 753 F.2d 131, 137 (D.C. Cir. 1985) (thirteen years); *Seven-Up Co. v. O-So-Grape Co.*, 283 F.2d 103, 106 (7th Cir. 1960) (thirteen years).

[5] The Sixth Circuit rule and the "plus factors" discussed by Professor McCarthy are far from equal, and the Sixth Circuit has never recognized such "plus factors." Professor McCarthy presents six categories of factors in addition to delay and prejudice into which many cases denying injunctive relief may be broadly classified. *See* 5 J.T. McCarthy, McCarthy on Trademarks and Unfair Competition, § 31:7 at 31:21-24 (4th ed. 1996). The Sixth Circuit's rule is far more narrow and explicitly requires active consent from the plaintiff or an extreme delay equivalent to an abandonment of rights.

Inc. v. Armco Burglar Alarm Co., 693 F.2d 1155, 1161-62 (5th Cir. 1982) (vacating an injunction and remanding based on a six-year delay with no indication of any affirmative consent by the plaintiff or other "plus factors");[6] *Conopco, Inc. v. Campbell Soup Co.*, 95 F.3d 187, 190-94 (2d Cir. 1996) (affirming dismissal of a Lanham Act false advertising claim, holding that a five-year delay and prejudice to the defendant established laches sufficient to bar an injunction).

Kellogg also mischaracterizes *University of Pittsburgh v. Champion Products, Inc.*, 686 F.2d 1040, 1044 (3d Cir. 1982), as requiring more than unreasonable delay and prejudice to bar an injunction. *See* Br. Opp. at 11-12. The Third Circuit explicitly recognized that when a defendant shows prejudice, laches "works an equitable estoppel barring all relief." *University of Pittsburgh*, 686 F.2d at 1044. The court also discussed two classes of cases involving "mere delay" (*i.e.*, when the defendant shows no prejudice from the delay). It is those classes of cases that form the "dual standard" mentioned in Kellogg's brief. *See* Br. Opp. at 11-12. Without prejudice to the

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[6] Kellogg's statement that the Fifth Circuit "ordinarily requires an 'affirmative act' by the plaintiff" to bar injunctive relief is apparently based solely on *Conan Properties, Inc. v. Conans Pizza, Inc.*, 752 F.2d 145 (5th Cir. 1985), Br. Opp. at 13, and ignores *Armco*, in which there was no such affirmative act by plaintiff. See *Armco*, 693 F.2d at 1161-62. Furthermore, the Fifth Circuit's *Conan* decision does not *require* an affirmative act as argued by Kellogg (Opp. Br. at 13). *See Conan*, 752 F.2d at 153 (injunction "is properly denied if the plaintiff's delay *or* other conduct either induced reliance on the defendant's part or will result in substantial prejudice to the defendant") (emphasis added).

defendant, plaintiff's delay ordinarily will not bar injunctive relief, but it may do so if the delay is "so outrageous, unreasonable, and inexcusable as to constitute a virtual abandonment of its right." *University of Pittsburgh*, 686 F.2d at 1044. In essence, a particularly egregious delay relieves a Third Circuit defendant of the burden of proving prejudice. The Sixth Circuit's requirement of a delay equivalent to a "virtual abandonment" *in addition to* a showing of prejudice runs contrary to the Third Circuit standard.

Kellogg's attempts to fit the Sixth Circuit's rule into mainstream trademark law simply do not succeed. The decision below was not based on a balancing of the equities, a lack of "plus factors," or confusing the terms "laches" and "acquiescence." The Sixth Circuit, while recognizing the difference between laches and acquiescence, has squarely held that laches, without regard to "plus factors" or the equities of the case, does not apply to claims for injunctive relief. This rule is inconsistent with the law of other circuits and this Court.

II. This Case Offers a Suitable Vehicle for this Court To Resolve an Important Issue of Federal Trademark Law

Kellogg does not dispute the importance of the laches doctrine, the need to discourage forum shopping, or the Congressional goal of national uniformity in trademark law. Its strategy is instead to suggest that this case is fact-bound, and thus unworthy of review.

The statement of facts in part II and the argument in part III.B of Kellogg's brief appear designed to suggest

that Exxon would not succeed on the merits of its laches defense. Exxon disputes that implicit suggestion,[7] but this point is irrelevant to the issue presented to this Court. The question here is whether a district court should be permitted to decide the merits of a laches defense in a

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[7] Exxon's laches defense is far from the exercise in futility that Kellogg attempts to portray. Under *Tandy Corp. v. Malone & Hyde, Inc.*, 769 F.2d 362, 365-66 (6th Cir. 1985), a presumption of laches would arise in this case if Exxon began its allegedly infringing use of its Cartoon Tiger prior to October 1993, three years before Kellogg filed suit. Even if, as Kellogg alleges, Exxon had abandoned the Cartoon Tiger in the early 1980s, the record is clear that Exxon's use of its Cartoon Tiger to promote both its petroleum products and its convenience stores has been extensive since the early 1990s (and specifically since well prior to October 1993). Both Kellogg and the Sixth Circuit recognize this use, describing it as occurring "during the 1990s" or "in the early 1990s." *See* Br. Opp. at 3-4; 209 F.3d at 566, Pet. App. A at 6-7.

Kellogg's abandonment claim overlooks the undisputed evidence that Exxon has used its Cartoon Tiger to promote its products and services in every year since 1964. Kellogg's claim that Exxon willfully infringed its Tony the Tiger mark by altering its Cartoon Tiger to look more like Tony after the *Exxon Valdez* accident is belied by the undisputed fact, supported by testimony of Kellogg witnesses, that any changes to the Exxon Cartoon Tiger have been insignificant, while Tony the Tiger has changed significantly over the years. Finally, Kellogg's "progressive encroachment" argument will have to overcome the *Tandy* three-year presumption of laches and the undisputed fact that Exxon has used the Cartoon Tiger in point-of-sale material promoting its convenience stores since at least the mid-1980s, and Kellogg must meet the standard articulated by the Sixth Circuit for analyzing a claim of progressive encroachment. *See* 209 F.3d at 573, Pet. App. A at 23. Exxon has a laches defense, and the district court should be allowed to consider it.

trademark case where only injunctive relief is sought. That is purely a legal issue that can be resolved without reviewing any factual record. The parties' factual arguments should be postponed for consideration by the district court.

On remand, the district court can perform the balancing of equities that Kellogg recognizes is necessary in analyzing a laches defense. The district court may also decide whether Kellogg's arguments regarding Exxon's alleged willful infringement, abandonment, and progressive encroachment are sufficient to tip the equities in Kellogg's favor and entitle Kellogg to injunctive relief despite its laches. This Court should allow the district court to conduct such an inquiry.

Respectfully submitted,

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